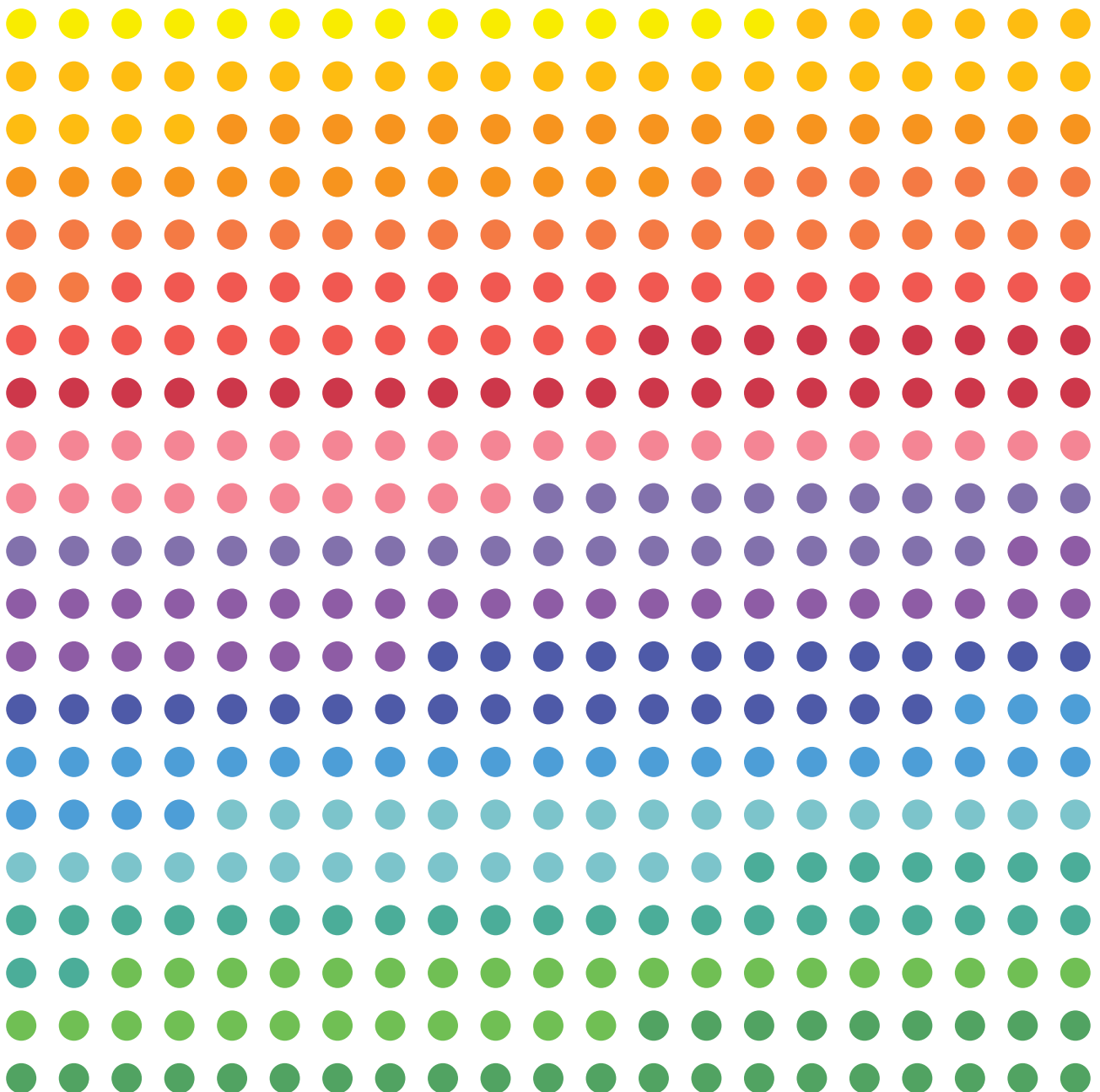
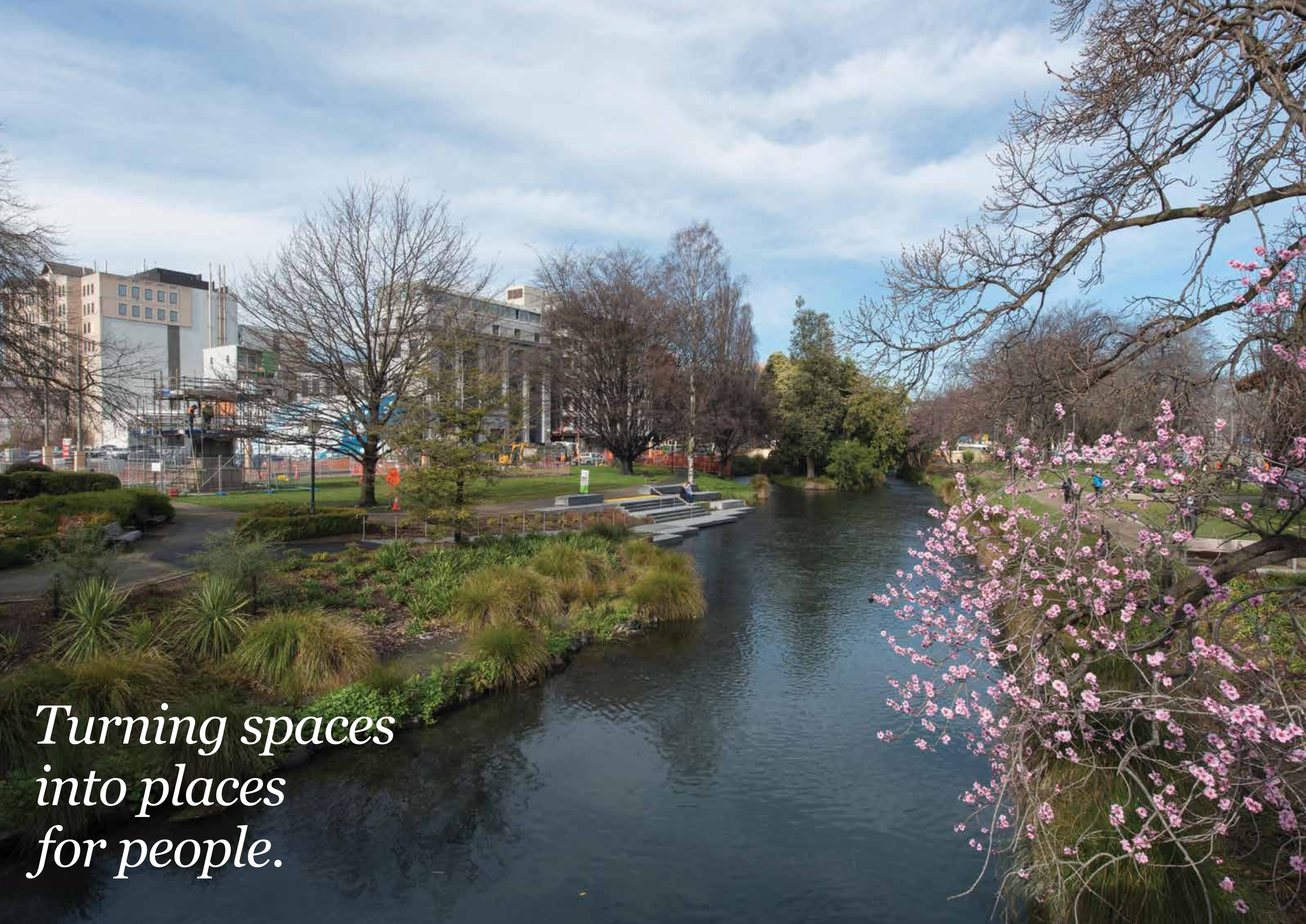


Annual Report

For the year ended
30 June 2017





*Turning spaces
into places
for people.*

The purpose of the Company is to add value to Anchor Projects and Crown Land in a manner that balances a desire to achieve good commercial outcomes against the Crown’s regeneration objectives, and supports the Crown’s exit over time on favourable terms.

– From Ōtākaro Limited Constitution 2016

CONTACT US

Ōtākaro Limited
PO Box 73
Christchurch 8140
New Zealand

P: 03 357 6300
E: info@otakaroltd.co.nz
W: otakaroltd.co.nz
 fb.com/otakaroltd

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PART 1:

Context

“Ōtākaro is required to deliver defined Anchor Projects and a land divestment programme that is consistent with the Christchurch Central Recovery Plan.”



New paving on the east side of Manchester Street.

Ōtākaro Limited (Ōtākaro) is a Crown Company established on 16 April 2016 under Schedule 4A of the Public Finance Act to take over specific functions of the Canterbury Earthquake Recovery Authority (CERA).

The Company’s Board uses governance best practices to make efficient and effective decisions with a commercial focus.

SCOPE

Ōtākaro is required to deliver defined Anchor Projects and a land divestment programme that is consistent with the Christchurch Central Recovery Plan (CCRP). It does so in a way that ensures it is viewed as a credible market participant.

The overarching responsibilities of Ōtākaro include:

- Delivery of defined Anchor Projects by providing procurement, design management and construction management services on behalf of the Crown
- Providing programme governance, including risk, cost and schedule management
- Divestment of Crown owned assets in central Christchurch that balances a good commercial outcome against regeneration objectives
- Divesting the Residential Red Zone (if transferred)
- Acting in a manner consistent with recovery plans and any regeneration plans.

FUNCTIONS & OPERATIONS

Ōtākaro manages its functions and operations in a way that is consistent with the Company’s strategy, as set by the Board. The Board provides strategic direction to the Chief Executive to ensure decisions are made in the interests of the people of Christchurch and the Crown.

The Board provides the governance and assurance that Management is delivering the expected outputs. The Chief Executive has appointed an Executive Leadership Team to assist in providing supervision and oversight of the day-to-day operational activities of the Company.

The organisation has five core teams. The Project Development Team is focused on the delivery of Anchor

Projects. The Strategy and Property Opportunities Team manages Crown assets before their divestment, oversees Convention Centre operational business, and provides commercial input to regeneration plans being developed by Regenerate Christchurch. These functions are supported by the Corporate Services, General Counsel/Legal and Communications and Stakeholder Engagement Teams.

The Company’s activities are guided by policies and procedures that ascribe to good corporate discipline, with clear links to the Ōtākaro Purpose and to the Company’s Strategic Objectives. The Company’s Values and Behaviours support the delivery of its Purpose and Objectives.

ADAPTABILITY

The Company was established with the understanding that it has a finite lifespan, subject to further determinations by the Crown. Accordingly, the Company’s organisational structure reflects the need for adaptability. This will mean that the Company must, within a planned manner, be able to adapt to the changing requirements of its programme and projects.

DISESTABLISHMENT AND TRANSITION TO ONGOING OPERATIONS

Ōtākaro will exist until the projects it is responsible for are delivered and land is divested. Based on current expectations, the Company’s existence is forecast to be no longer than seven years from establishment.

For projects that have operational aspects that extend beyond the seven-year horizon (e.g. the Christchurch Convention and Exhibition Centre), Ōtākaro will consider how best to manage its disestablishment and the transition to an entity that will be structured to deliver any outstanding activities.

PART 2:

Organisational health and capability

ŌTĀKARO VALUES AND BEHAVIOURS

Ōtākaro continues to strengthen its organisational culture to guide all Company activities. This culture is underpinned by specific, straightforward values and behaviours expected of all personnel in undertaking their tasks.

The values are expressed as:

- Keep it simple
- Make it happen
- Do what is right.

By working with its personnel, specific behaviours have been defined to “model” and to support the Ōtākaro values. These behaviours include:

- Acting with purpose, and staying focused
- Doing things efficiently
- Communicating clearly, consistently and concisely
- Considering the audience
- People knowing and playing their part
- People doing what they say they will do
- Being innovative
- Doing things promptly, but properly
- Acting with integrity and respect
- Supporting one another
- Making the ‘tough’ calls when necessary
- Being professional and ‘down to earth’.

HEALTH AND SAFETY

Ōtākaro has adopted a risk based approach to identify and manage risks to the health, safety and wellbeing of persons directly, or indirectly, employed by the Company.

As a Crown Company operating in a construction environment, Ōtākaro is seeking to be a leader of health and safety in New Zealand.

Ōtākaro is committed to a culture that holds safety as a core part of the Company’s identity. It does this through:

- Establishing robust, yet simple health and safety management systems aligned to the Health and Safety at Work Act 2015

- Focusing on the identification and implementation of consistent controls for critical risk activities throughout its business
- Consulting with key stakeholders to improve health and safety capabilities and knowledge throughout the Anchor Projects
- Creating a health and wellness Strategy to ensure the ongoing wellbeing of its workers.

CAPABILITY DEVELOPMENT

Ōtākaro supports its staff to achieve the Company’s objectives and purpose by:

- Developing staff for their current roles, providing flexibility to move staff to other roles in the Company, and preparing staff for their next career steps
- Regularly reviewing the capability of its people to align the available skills with the requirements of the project development lifecycles
- Achieving high levels of staff engagement
- Providing a safe environment for staff
- Delivering services required to achieve the Company’s objectives in a cost-effective manner
- Providing staff with reliable, secure and cost-effective technology
- Providing a sound financial and internal control environment.

SAFETY CHAMPION

Ōtākaro Metro Sports Facility Project Director, Erin Tennent, has been recognised for his efforts to build a site safety culture among colleagues and contractors. He was presented with a ‘Charter Champion’ award by WorkSafe New Zealand in July 2017, as part of the Canterbury Rebuild Safety Charter.

“Erin challenges the status quo and gets people to think more about the way they do things. He is dedicated to everyone getting home safely every day and is positively influencing the way Ōtākaro contractors work. He is a real driver of health and safety change across the rebuild.”
– Michael James, Ōtākaro Strategic Health and Safety Manager.

ŌTĀKARO IS A GOOD EMPLOYER

The successful delivery of the Anchor Projects and the Crown’s central Christchurch land divestment objectives depends on the technical, commercial, financial and investment/divestment expertise of Ōtākaro. It is important that the Company attracts and retains skilled staff, is a good employer and offers an attractive place to work. Ōtākaro provides a culture that is valued by employees and supports the Company to deliver on its strategic objectives and purpose.

Consistent with the State Services Commission Guidance on Expectations for Pay and Employment Conditions in the State Sector, Ōtākaro employment policies aim to ensure that the Company respects its equal-opportunity responsibilities.

ŌTĀKARO VALUES:

Keep it simple.

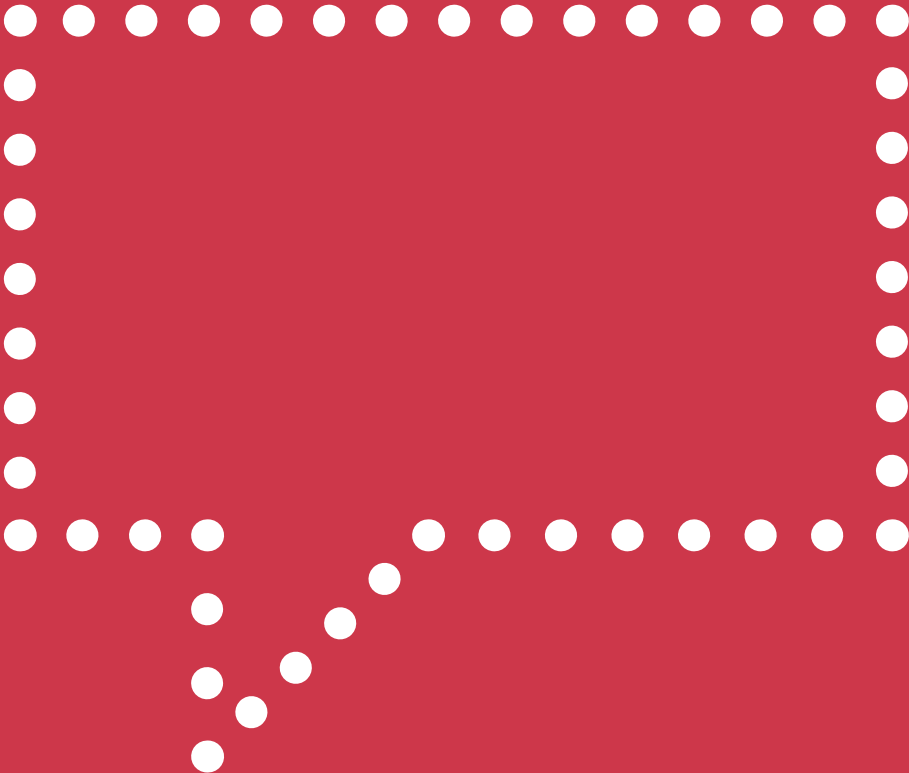
Make it happen.

Do what is right.



PART 3:

Chair & Chief Executive's report





Ross Butler and Albert Brantley.

Dear Shareholders

Ōtākaro was set up to deliver Crown-led Anchor Projects and divest surplus Crown Land. That is what the Company is doing.

ANCHOR PROJECTS

Progress is visible. Work was underway on all of the Company's committed Crown-led projects in the central city by 2017. The most significant milestone was finishing the Canterbury Earthquake National Memorial in time for the sixth anniversary of the 22 February 2011 earthquake. Ōtākaro would like to thank everyone involved for delivering this important project.

The first entire 'block' of the South Frame opened in June 2017 – Mollett Street. An area rich in local history, the new laneways and gathering spaces of the South Frame will come to life as developments appear around them. While this is happening, Ōtākaro will work with local businesses and community groups to activate the area with placemaking activities such as markets and other events.

Work is well advanced on the restoration of Victoria Square. This place is dear to the hearts of many people and it will be reopened early next year, with a fully functioning Bowker Fountain, to add to the revitalisation of this area of the city.

The East Frame public spaces are also on track to open early in 2018. The third largest public space in the central city, Rauora Park will be an important feature for the residents who will be living in the area, and for the general community. The first East Frame residential lot, on the corner of Hereford and Madras Streets, was transferred to Fletcher Living in 2017 and the first 20 homes are planned to be ready in mid-2018.

The Promenade for Te Papa Ōtākaro/Avon River Precinct has begun and is rapidly taking shape. Some sections will be largely finished by the end of 2017.

Ground preparation began for the Convention Centre site, ahead of the main works contract being signed with CPB Contractors Pty Ltd on 15 August 2017. The first events are already booked for the latter part of 2020, and work will get underway on the balance of the precinct as soon as construction of the Convention Centre advances.

Early works are also well advanced on the Metro Sports Facility site. Like the Convention Centre, ground preparation is a major project milestone. Negotiations for a main works contractor for the Metro Sports Facility are continuing.

LAND DIVESTMENT

There has been solid progress during the year on land divestment. Six key transactions have been entered into which achieve a balance of good commercial and regeneration outcomes. Two of these are an area adjacent to the Justice Precinct being developed by Hoyts into a seven screen cinema complex, and a site within the Retail Precinct that will operate as an indoor Farmers' Market.

WHAT TO EXPECT IN 2018

Next year a number of Anchor Projects will be completed. These will include Rauora Park in the East Frame, the first residential lot in the East Frame, the restored Victoria Square, more sections of the South Frame and additional sections of the Avon River Precinct. People will also be able to see progress on the Convention Centre and the Metro Sports Facility.

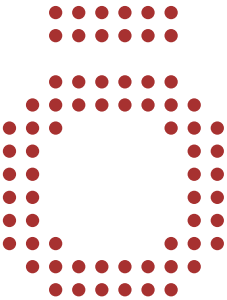
On behalf of the Company, we can confidently say that these much anticipated Anchor Projects are becoming a reality.

Ross Butler and Albert Brantley

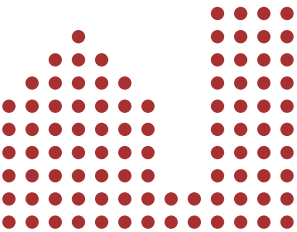
PART 4:

Financial summary and achievements

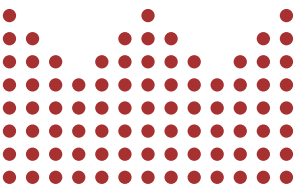




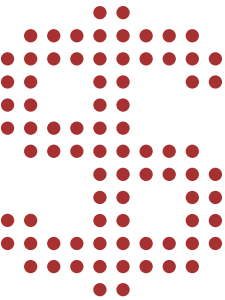
A total of \$130.3m of project and project management funding relating to the year ended 30 June 2017 was received from the Crown. This was received through a mixture of operating grants and share capital.



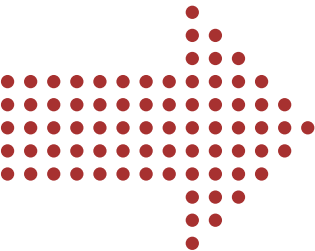
Total project and project management expenditure of \$107.2m was incurred for the year ended 30 June 2017. The unspent funding from 2017 will 'roll-forward' and be spent in 2018.



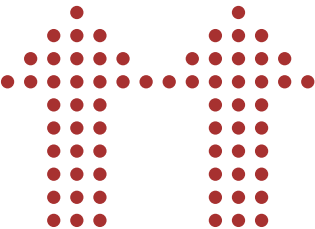
The net deficit was \$30.7m for the year. The key reason for this deficit was the recognition of a \$44.6m provision to transfer assets to Christchurch City Council at nil value.



Six land sale transactions were entered into during the year. Three parcels totalling \$11.6m were recorded as sales of land inventory, two parcels totalling \$2.8m were recorded in other revenue and one totalling \$11.5m will settle early in the next financial year.



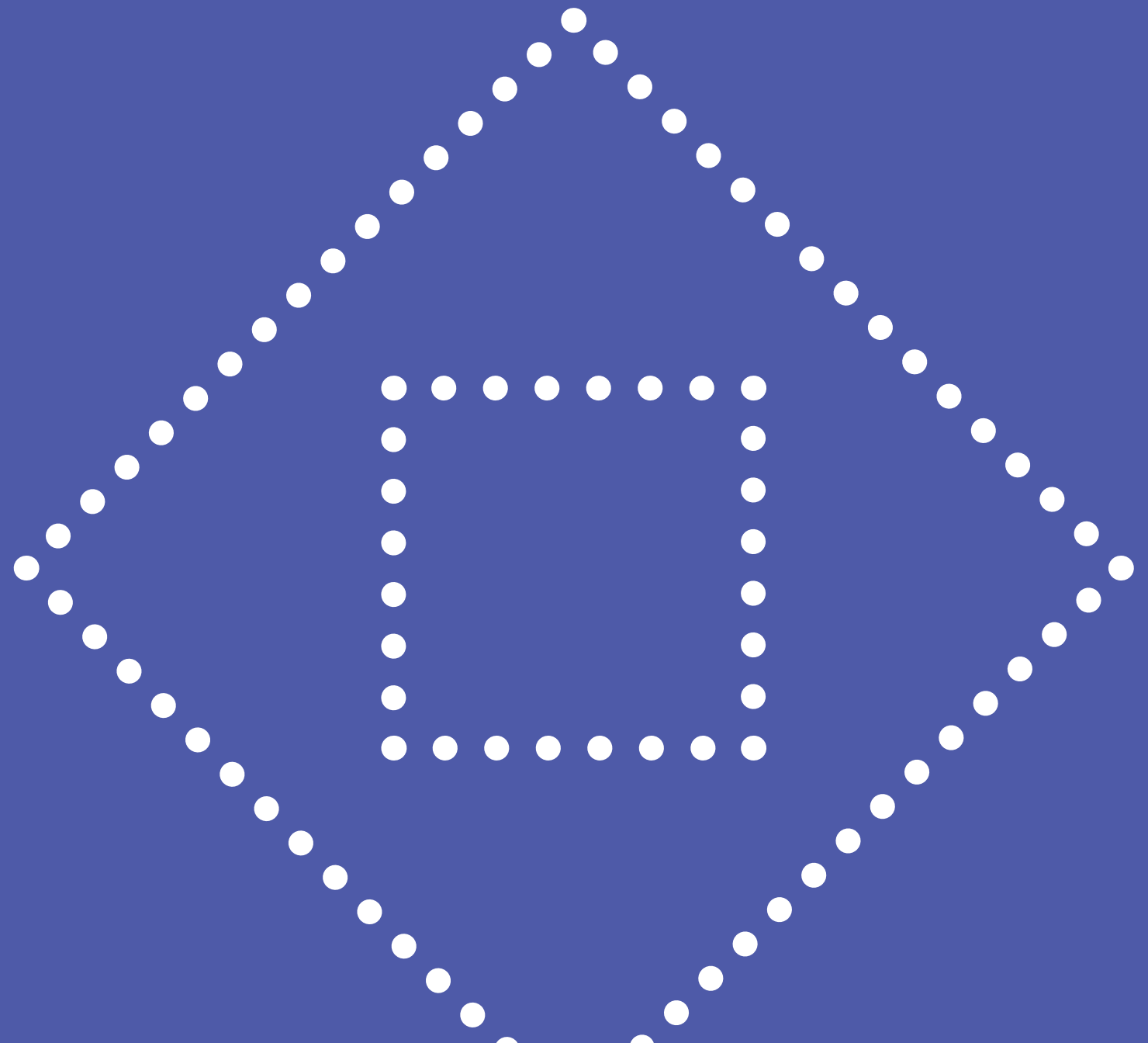
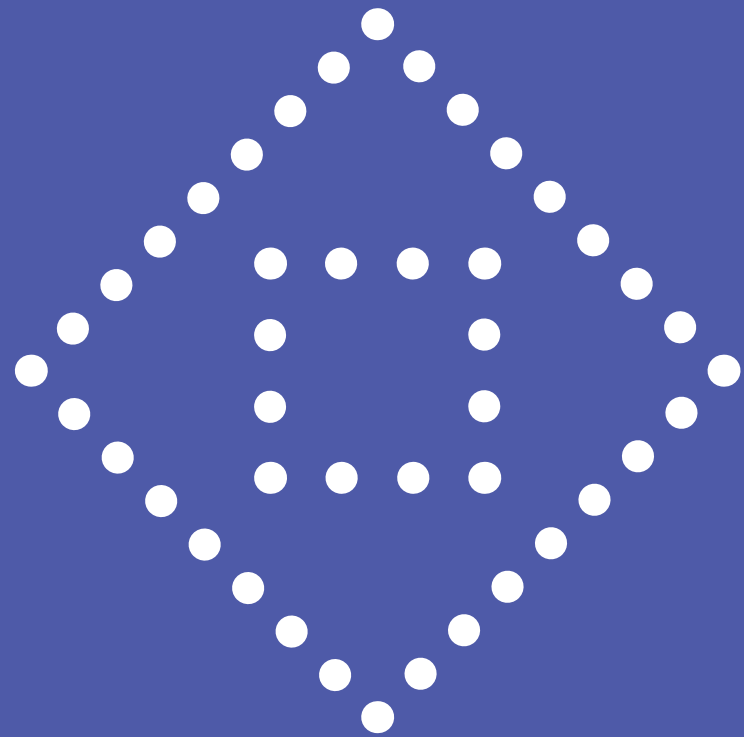
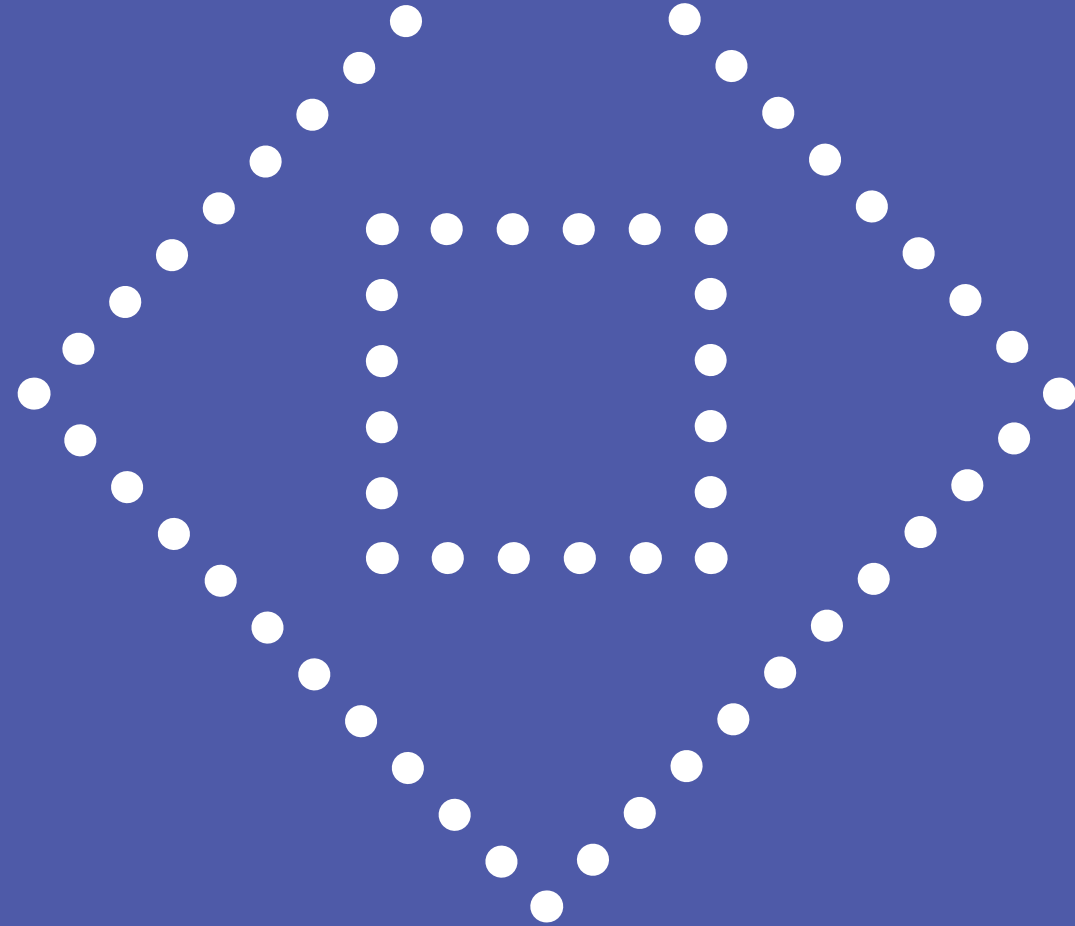
Total assets are \$348.2m at 30 June 2017. This is an increase of \$38.4m from the prior year, due to the transfer of Convention Centre land to Ōtākaro and the work in progress associated with capital projects.



Total equity is \$121.8m at 30 June 2017. Additional share capital of \$63.1m was issued during the year, to fund capital projects and asset transfers.

PART 5:

Anchor Project snapshots





Oi Manawa, Tremor of the Heart, is the Māori name of the Canterbury Earthquake National Memorial, gifted by Te Rūnanga o Ngāi Tahu.

COMPLETE

Canterbury Earthquake National Memorial

Oi Manawa

Central City
Anchor
Projects

Canterbury
Earthquake
Memorial

Years of complex and sensitive engagement work with those most affected by the February 2011 earthquake was critical to this project. Bereaved families, those seriously injured and the survivors of the building collapses had the opportunity to comment at the start of the project on what they would like the Memorial to be. This contributed to the principles of the design brief and the selection of the site.

A First Knowledge Group was formed, comprised of families who lost a loved one during the earthquake. The engagement and project teams ensured this group was the first to know of any announcements or decisions.

The engagement team worked closely with this group, meeting with people, talking on the phone and communicating via email. The group used a secure website where people viewed and commented on information about the project. The information was translated and sometimes reverse translated into five languages, including Simplified Chinese, Traditional Chinese, Japanese, Korean and Thai.

The Memorial is a place where people can reflect and honour those who died or were injured, and acknowledge the shared and traumatic experience of the earthquakes.

In her speech at the dedication and commemoration event, Governor-General Dame Patsy Reddy noted the significance of providing a place to remember those who lost their lives, to grieve for what is lost and to give thanks for what remains.

Over 12 months, a grassy bank on the south bank of the Avon River was converted into the Memorial Wall area.

The 111 metre long, 3.6 metre high wall comprises more than 500 Italian marble panels. The terraced area facing the river features basalt paving, seating and maple trees.

The entire south bank area has been designed to cope with river flooding. This includes the innovative electrical system which shuts off the memorial lighting when the river is in flood, the choice of water-loving trees and the drainage design in the garden areas.



Opened on 22 February 2017, the sixth anniversary of the 2011 earthquake, the Memorial development was a joint project between the New Zealand Government, Christchurch City Council, and Te Rūnanga o Ngāi Tahu, the administrative body of the South Island iwi, Ngāi Tahu.



The names of those who lost their lives as a result of the 22 February 2011 earthquake are inscribed into marble panels stretching 40 metres along the Memorial Wall. Each of the 185 names is written as requested by their family.



Artist impression of Rauora Park.

FINISHING SOON

East Frame

Rauora Park

Central City
Anchor
Projects

Rauora
Park

WHAT IS IT?

Rauora Park will be a public ‘linear park’ bordered by Armagh and Lichfield Streets. This distinctively landscaped space will be for local residents and the broader community. As well as ample open space, there will be cosier areas where people can relax. With shared pedestrian and cycle paths, the park will be easy to move through and around.

STATUS

Work on the public spaces began in late 2016 and will finish in early 2018. To date, work has focused on underground services such as stormwater pipes and rain gardens. The park is becoming more visible as above ground work progresses.



Artist impression of Manchester Street.

FINISHING SOON

Central City

Transport Projects

Central City
Anchor
Projects

An
Accessible
City

WHAT ARE THEY?

Ōtākaro is delivering some key transport projects adjacent to Anchor Projects on behalf of Christchurch City Council, Environment Canterbury, Ngāi Tahu, and the New Zealand Transport Agency. The projects are part of the An Accessible City programme of projects aimed at improving the transport network in the central city. The remaining An Accessible City projects are being managed by the Christchurch City Council.

STATUS

The majority of work on Manchester Street between Hereford and Lichfield Streets is finished. The majority of work on Durham Street is finished. Ōtākaro hopes to complete these projects by mid-2018.

A priority is converting the section of Durham Street between Lichfield and Tuam Streets to two-way traffic flow. This will enable people travelling from the west to more easily access the parking building being built on Lichfield Street by the Christchurch City Council for the Retail Precinct.

Work at Hospital Corner starts in late 2017 and will take a year to complete.



Artist impression of the new terrace homes underway on the corner of Madras and Hereford Streets.

LONG TERM PROJECTS

East Frame

Residential development

Central City
Anchor
Projects

The East
Frame

WHAT IS IT?

The East Frame will be a new residential area in the heart of the city, built around Rauora Park. It will redefine inner city living in Christchurch and provide attractive choices for people wanting to live centrally. The East Frame will lead to more people living within the four avenues than before the earthquakes. This in turn will stimulate other activities, businesses and events – a key goal of the Christchurch Central Recovery Plan.

STATUS

Work on the first residential area (20 homes on the corner of Hereford Street and Latimer Square) began in March 2017 and will finish in mid-2018. Construction of the next two lots is expected to begin later in 2017, and approximately 200 homes are planned to be finished by mid-2019.



Work underway on Evolution Square.

LONG TERM PROJECTS

South Frame

Pūtahi Whakatetonga

Central City
Anchor
Projects

The South
Frame

WHAT IS IT?

The South Frame will be a place for markets, events and celebrations – an area to gather, dine, be entertained or just relax.

At the heart of the South Frame will be the Greenway, a pedestrian and cycling corridor with distinctive gardens that will run the entire east-west length of the development.

The Greenway will connect four gathering spaces. Lanes branching off the Greenway will provide access to retail and hospitality businesses housed in restored or new buildings.

STATUS

Work began on the eastern end of The Greenway and some of the lanes in June 2016. Lanes at the eastern end of the South Frame are coming to life with new developments drawing people to the area. Vanguard Square was successfully used as a ‘fan zone’ during the Lions tour

of New Zealand. Mollett Street opened in June 2017 and adjacent developments will be able to make the most of the new public area. The South Frame is being delivered in stages as land becomes available.

MOLLETT STREET – Home to New Zealand’s first ‘raining poetry’

Mollett Street opened in June 2017. Visitors can see ‘raining poetry’ which is only visible when wet.

Burnside High School student Samantha Jory-Smart wrote the poem especially for Matai Common which is located in the middle of Mollett Street. “A Promise” was cut into a stencil which was placed on the ground and sprayed with a waterproof product which created the raining poetry.



The completed Worcester East Terrace.

LONG TERM PROJECTS

Avon River Precinct

Te Papa Ōtākaro

Central City
Anchor
Projects

Te Papa
Ōtākaro/
Avon River
Precinct

WHAT IS IT?

The central city area of the Ōtākaro/Avon River is being transformed into a new city waterfront to make it easier to access and make use of the river surrounds.

A key feature will be a paved City Promenade extending 2.5 kilometres through the heart of the precinct on the eastern side of the river. The western side of the river will be a green space with walking and cycling paths.

STATUS

Work on The Promenade is now well underway, with work happening in four sections—Antigua Street to Montreal Street, Montreal to Durham Street, Lichfield to Cashel Streets, and between Hereford and Worcester Streets. Most of the area between Montreal and Worcester Streets will be finished by the end of 2017.

VICTORIA SQUARE

Victoria Square has always been an important place for people. It has been used as a place to gather, exchange, have a voice, to rest and for events like the Buskers Festival and the Chinese Lantern Festival.

Many of the surfaces and structures in Victoria Square were damaged during the Canterbury earthquakes and were close to the end of their life. Ōtākaro is restoring the Square using its original design and layout, while making it more accessible. The restoration design creates new links with nearby features like The Promenade, and includes new elements that better reflect shared Māori and European heritage and the Treaty of Waitangi relationship. The historic Bowker Fountain, which hasn't worked properly for many years, is being fully restored. A new punt stop is being added opposite the Town Hall.



Work on the path to the new punt stop in Victoria Square, with the Town Hall in the background.



Artist impression of the Convention Centre from the west.

LONG TERM PROJECTS

Convention Centre

- *Whare Rūnanga*

Central City
Anchor
Projects

Convention
Centre
Precinct

WHAT IS IT?

The Christchurch Convention and Events Centre will be a world class conference facility supported by accommodation, retail, hospitality venues and public transport. In a competitive environment where convention centres around the world are expanding their capacity to accommodate larger events, the Christchurch Convention and Events Centre will be a boutique facility, set in a well-organised and compact, regenerating central city.

The purpose-built centre will host everything from international conferences to expos and local community events. It will be capable of holding events for up to 2000 people, or two simultaneous 500-600 person events. Its central location will ensure that Christchurch shops, restaurants, hotels and bars will get to enjoy the full economic benefits.

STATUS

Ground preparation began in October 2016 and is now finished. More than 40,000m³ of soil was moved. The section of Gloucester Street between Colombo Street and Oxford Terrace was removed in February 2017 and all underground services taken out.

The main contractor was appointed in August 2017, with construction starting soon after September 2017.

Construction of the Convention Centre is expected to be complete by May 2020. Following a commissioning period, the centre is likely to be open for small local events in mid-2020 before hosting larger events in late 2020.



Artist impression of the entrances to the facility.

LONG TERM PROJECTS

Metro Sports Facility

- *Taiwhanga Rēhia*

Central City
Anchor
Projects

Metro
Sports
Facility

WHAT IS IT?

The largest aquatic and indoor recreation and leisure venue of its kind in New Zealand, the Metro Sports Facility will be accessible to people of all ages, abilities and skill levels.

At over 30,000m², the Metro Sports Facility will feature a 50 metre, 10-lane competition swimming pool and a separate diving pool, a large aquatic leisure area, five hydrosides, fitness spaces and nine indoor courts for sports such as netball, volleyball and basketball. The facility will cater for the needs of the recreational, educational and high-performance sporting communities.

STATUS

Negotiations for a main works contractor for the Metro Sports Facility are continuing.

Land remediation work finished in August 2017 and around 16,000m³ of material was removed. Balfour Terrace and Horatio Street were permanently closed and underground services were removed. Hydrology bores drilling to supply the ground source heat pumps for heating the pools and the rest of the facility began in July 2017. The rigs are also drilling the dewatering bores needed to reduce the groundwater level so the deep excavation for the dive well can be carried out safely.

The Metro Sports Facility is likely to be one of the largest ground improvement projects for a single structure building ever carried out in New Zealand. Pile testing work started in August 2017. Around 4000 to 6000 stone columns, between 550mm and 900mm in diameter will be installed at a depth of up to 15 metres.

PART 6:

Property divestment

Ōtākaro is required to divest land in a manner that “balances a desire to achieve good commercial outcomes against the Crown’s regeneration objectives”, and that “supports the Crown’s exit (from Anchor Projects and land holdings over time) on favourable terms”.

The Board of Ōtākaro has approved the Land Divestment Strategy. This will be realised through seeking opportunities where commercial value can be achieved and leveraging the strategic importance of land where possible to drive regeneration outcomes.

DIVESTMENTS IN 2017

- Ōtākaro divested the site known as the Duncan’s Buildings (145, 147, 149, 153 and 157 High Street) to Duncan’s Lane Limited (DLL). DLL committed to restoring the buildings’ damaged heritage façade and reinstating boutique retail spaces to High Street. The buildings will be incorporated into the wider McKenzie and Willis development, with laneways and hospitality venues.
- A parcel of land adjacent to the Justice Precinct was divested to Calder Stewart Development Limited (CSDL) for the development of the Hoyts Entertainment Exchange. Provisionally named EntX, the development will be anchored by a seven screen, 889 seat Hoyts cinema complex accessed via a food and entertainment zone housing 18 retail units.
- The Ministry of Education chose a site within the South Frame to house the Ao Tawhiti Unlimited Discovery School. The site is close to the Bus Interchange and its central location means it will be easy for students to walk to the museum, galleries, and Hagley Park’s sports facilities.
- A large scale indoor Farmers’ Market is planned by Peebles Group Limited for a site within the Retail Precinct, adjacent to the Avon River. This is subject to final settlement. The ‘Riverside Market’ is planned to operate seven days per week with extended hours, including late night and food markets, creating a new hub of activity.
- A parcel of land in the East Frame was sold to an adjoining land owner.
- The first superlot in the East Frame Residential project was transferred to Fletcher Residential Limited. Construction work has started on the properties.

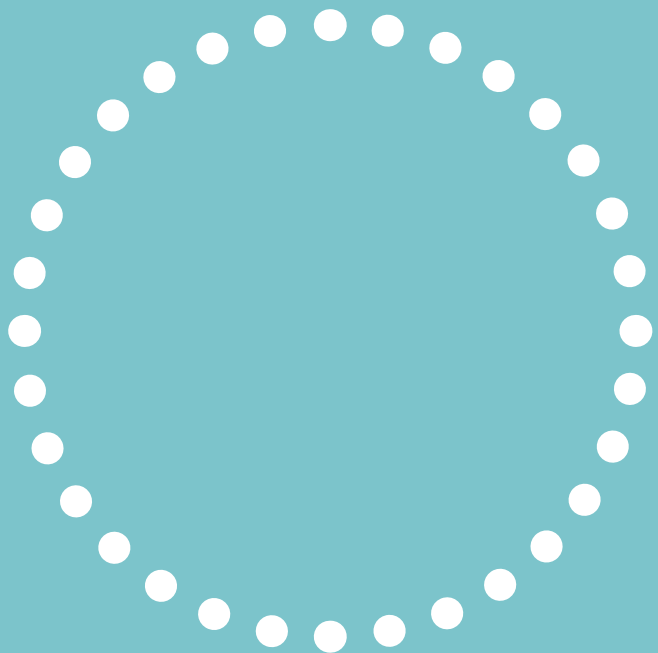
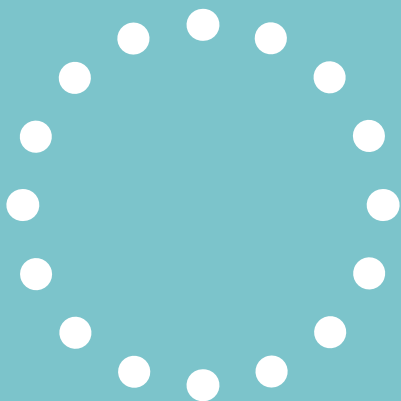
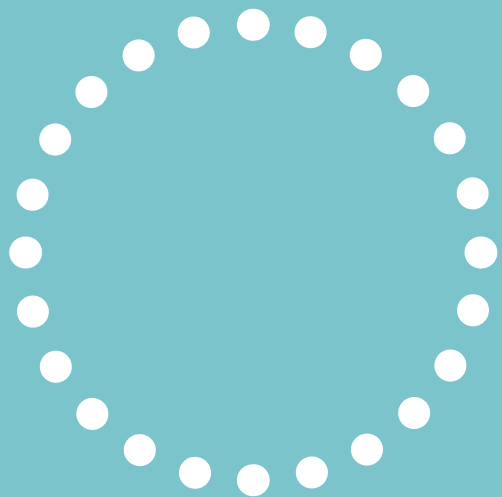


Artist impression of the future Farmers’ Market.

Ōtākaro is required to divest land in a manner that “balances a desire to achieve good commercial outcomes against the Crown’s regeneration objectives”.

PART 7:

Community engagement



“Tell me and I forget, teach me and I remember, involve me and I learn.”

— Benjamin Franklin



Annemarie Mora, General Manager, Communications and Stakeholder Engagement, talks to students from St Martins school about the work completed to improve the health of Ōtākaro/the Avon River.

WORKING WITH YOUNG PEOPLE

Ōtākaro worked with a number of schools to help create connections between young people and the Anchor Projects.

By participating in positive learning experiences, young people can understand and enjoy aspects of the new city

that they might otherwise not have noticed or valued. Through this increased understanding, young people can create their own meaning and connection with the city and develop a real stake in its future.



Ōtākaro teamed up with Central City schools Ao Tawhiti Unlimited Discover and Christchurch East School to find out what is important to children about the new East Frame Neighbourhood. Some amazing murals were designed by school children aged 4 to 16 from the two different schools.

PRESENTATIONS AND WALKING TOURS



Face to face engagement is one of the most meaningful and memorable ways to bring projects to life and create a sense of connection with the rebuilt city. During the year Ōtākaro focused on helping people to rediscover the central city through presentations and walking tours.

Two audiences were targeted; people returning to work in the central city and community groups. As at mid-September 2017, over 1800 people had attended a presentation, with more planned.

In August and September 2017 Ōtākaro hosted public walking tours. Ōtākaro staff guided people through the Retail Precinct, the South Frame, and the East Frame, explaining the key features of each area.

SOCIAL MEDIA

Market research shows that social media is one of the most preferred ways to receive information about the Anchor Projects. Ōtākaro has social media accounts on Facebook and Instagram to share information, photos and short videos about Anchor Projects.

 [fb.com/otakaroltd](https://www.facebook.com/otakaroltd)
 [@otakaro_ltd](https://www.instagram.com/otakaro_ltd)



Students at Cathedral Grammar School peer inside a custom-created time capsule, which will be filled by students then buried in Victoria Square.

PART 8:

Governance

“Its shareholders are the Minister of Finance and the Minister supporting Greater Christchurch Regeneration, who each hold 50% of the share capital.”

ORGANISATION FORM

Incorporated under the Companies Act 1993, Ōtākaro is a Crown-owned company, listed under Schedule 4A of the Public Finance Act 1989 and subject to the Crown Entities Act 2004, the Official Information Act 1982 and the Ombudsmen Act 1975.

Its shareholders are the Minister of Finance and the Minister supporting Greater Christchurch Regeneration, who each hold 50% of the share capital.

Ōtākaro is monitored by the Treasury for the Company’s commercial and financial performance and the Department of the Prime Minister and Cabinet (DPMC) for its regeneration outcomes.

MANAGEMENT OF THE COMPANY

The Company’s governance framework is designed to ensure that it is effectively managed and that statutory obligations are met. The governance framework ensures a clear understanding of the separate roles of Board and Management, and demonstrates a shared commitment to the Company’s purpose.

The Board of Directors is responsible for the overall direction of the business on behalf of Shareholding Ministers in the manner set out in the Constitution and Statement of Intent of Ōtākaro.

The Board has delegated to the Chief Executive the Company’s day-to-day management, operation and administration, and the Company has put in place a suite of policies that underpin its business strategies.

The Board operates in accordance with the relevant expectations set out in the Treasury’s Owners Expectations Manual (including the Principles in the Securities Commission “Corporate Governance in New Zealand: Principles and Guidelines”) and Cabinet Office Circular Investment Management and Asset Performance in the State Services (CO (15) 5), including the reporting, accountability and financial governance expectations.

BOARD OF DIRECTORS

The Board of Directors is committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring the Company’s activities. The Board is currently made up of four non-executive Directors appointed by the Shareholding Ministers, following Cabinet approval. Under the Company’s Constitution there must be no fewer than two and no more than five Directors.

As a company established under Schedule 4A of the Public Finance Act 1989, there are additional legal obligations for Ōtākaro Directors to satisfy, in addition to those specified by the Companies Act.

The Crown Entities Act requires the Board to ensure that the Company operates in a manner consistent with its objectives, functions and Statement of Intent and the Shareholders’ Letter of Expectations.

Board Members

ROSS BUTLER

Chairman

Christchurch born and educated, Ross Butler is a professional director with a range of commercial, Crown Entity, and community governance roles in New Zealand and Australia.

After spending most of his executive and governance career in financial services in Australia, Ross is now based in Nelson and Christchurch.

PETER TOWNSEND

CNZM – Director

Peter Townsend is the Chief Executive of the Canterbury Employers’ Chamber of Commerce and has held that position since 1996. The Chamber, as the largest business support agency in the South Island, concentrates on assisting members to improve their enterprises, ensuring members can operate in a business friendly environment and encouraging new levels of business activity.

Since 4 September 2010, and especially since 22 February 2011, Peter has been actively involved in earthquake recovery issues.

Peter is the Honorary Consul for Chile for the South Island, a Fellow of the Institute of Directors and a Fellow of the Institute of Management. Peter has a BSc (Hons) and a post Graduate Diploma in Business and in May 2014 Lincoln University made Peter an Honorary Doctor of Commerce for his services to business. In 2013 Peter received the Individual Leadership Award at the AUT Business School Excellence in Business Support Awards. In December 2013 Peter was made a Companion of the New Zealand Order of Merit.

MIRIAM DEAN

CNZM – QC, Director

Miriam Dean has 35 years of legal experience as a former partner of law firm Russell McVeagh and is a long-standing member of the independent bar, resolving commercial disputes with an emphasis on competition and consumer laws. She was president of the New Zealand Bar Association from 2011-2012.

With 20 years of governance experience, Miriam is also the current chair of both New Zealand on Air and the Banking Ombudsman Scheme, as well as a director of Crown Infrastructure Partners Limited and a trustee of the Royal New Zealand Ballet Company. Past directorships include deputy chair of Auckland Council Investments and a member of the Auckland Transition Authority.

Miriam chaired the Government Inquiry into the Whey Protein Concentrate Contamination Incident (the Fonterra botulism scare). More recently, Miriam facilitated and reported to the Government on discussions with engineers for the Church Property Trustees and the Great Christchurch Buildings Trust on engineering options for repair, restoration or replacement of Christchurch Cathedral.

CORINNE HAINES

CNZM – Director

Started after June 2016

Corinne Haines, the Managing Director of Trimble Navigation New Zealand Limited, has more than 40 years’ business experience and has been at the helm of Trimble since 2003. Christchurch born, Corinne has a passion for the city and the opportunities and lifestyle it provides for residents. She was named a Companion of the New Zealand Order of Merit for her services to business in the 2016 New Year’s Honours.



The Board members from left to right are: Miriam Dean, Ross Butler, Corinne Haines and Peter Townsend.

BOARD COMMITTEES

The Board has an Audit and Risk Committee to help Directors carry out their duties and fulfil their responsibilities. It provides recommendations, counsel and information on accounting, reporting, risk management and responsibilities under legislation. The Committee’s Terms of Reference also cover the role of oversight of internal audit.

Other ad hoc and standing committees may be formed from time to time.

INDEMNITIES AND INSURANCE

As permitted by the Ōtākaro Constitution, deeds of indemnity have been given to Directors, Officers and employees (involved in the management of the Company) for potential liabilities and defence costs they may incur for actions, errors or omissions in their capacity as Directors, Officers and employees. The Company has Professional Indemnity, Directors & Officers’ Liability and Defence Liability insurance in place for the benefit of Directors, Officers and employees. Insurance is not provided for dishonest, fraudulent, malicious or wilful acts or omissions.

DISCLOSURE OF INTERESTS BY DIRECTORS

The Board maintains and regularly updates an interests register to ensure conflicts of interest (both real and perceived) are recorded and managed as required by the Companies Act 1993. The following table sets out all new interests or cessations of interests of Directors recorded in the interests register during the year ended 30 June 2017.

Director	Entity	Relationship
Ross Butler	Hockey New Zealand Major Events	Director
	Regenerate Christchurch	Director
	Southern Response Earthquake Services Limited	Chairman, Director
	Mercer Investments (Australia) Pty Ltd	Chairman, Member of Remuneration and Nominations Committee
	Mercer Australia Pty Ltd and its subsidiaries	Chairman of Group Audit and Risk Management Committee
	Mercer (NZ) Limited	Director and Chair
	Rangitane Holdings Limited Rangitane Investments Limited	Chairman (ceased)
	Code Committee, Financial Advisers Act	Committee Member
	Merlot Limited	Chairman
Miriam Dean	New Zealand on Air	Chair
	Crown Infrastructure Partners Limited	Director
	Royal New Zealand Ballet	Trustee
	Auckland Council - Independent Reference Panel for s17A Reviews	Chair
	Banking Ombudsman Scheme	Chair
	New Zealand Law Society	Member
	New Zealand Bar Association	Member
	Global Women	Member
	Cathedral – engineering options	Facilitator (ceased)
Peter Townsend	Pegasus Health (Charitable) Ltd	Director
	Pegasus Health Community Board	Board Member
	Champion Canterbury Ltd	Director
	Canterbury Youth Development Programme	Board Member (ceased)
	Hillary Institute of International Leadership	Board Member
	RNZAF Museum Trust Board	Board Member
	New Zealand Chambers of Commerce and Industry	Board Member

Continued from previous page

Director	Entity	Relationship
	Canterbury Employers’ Chamber of Commerce	CEO
	Business NZ Regional CEOs Group and Council	Member
	Canterbury Earthquake Recovery Lessons & Legacy Sponsors Group	Member (ceased)
	Callaghan Innovation Grants Committee	Member
	Honorary Consul of Chile to Christchurch	Honorary Consul
	Townsend Management Ltd	Director
Corinne Haines	Trimble Navigation New Zealand Limited (TNNZL)	Employee
	TNNZL associated companies as follows: Trimble New Zealand Solutions Manhattan Asia Pacific NZ Limited Trimble Loadrite Auckland Limited Trimble Navigation Australia Pty Limited Trimble Australia Solutions Pty Limited Manhattan Asia Pacific Pty Limited Civil and Structural Computing Pty Limited Spatial Dimension Pty Limited LSI Robway Pty Limited Sefaira Pty Limited	Director
	St Barnabas Fendalton Trust	Trustee
	St Barnabas Anglican Church - Fendalton	Vestry member
	Chartered Accountants Australia and New Zealand	Member

PART 9:

Financials



“The Board of Directors of Ōtākaro Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting for the Company.”

Statement of responsibility

for the year ended 30 June 2017

In terms of the Public Finance Act 1989, and particularly s19A, the Board is responsible for the preparation of Ōtākaro Limited’s Annual Report, which includes the financial statements and performance information and the judgements made therein.

The Board of Directors of Ōtākaro Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting for the Company.

In the Board’s opinion, these financial statements and performance information fairly reflect the financial position and performance of Ōtākaro Limited for the year ended 30 June 2017.

Signed on behalf of the Board



ROSS BUTLER
Chair

9 October 2017



CORINNE HAINES
Director

9 October 2017

About this report

IN THIS SECTION

The notes to the financial statements include information which is considered relevant and material to assist the reader in understanding the financial performance and position of Ōtākaro Limited. Information is considered relevant or material if:

- The amount is significant because of its size or nature
- It is important to understanding the results of Ōtākaro Limited
- It helps explain Ōtākaro Limited’s business.

Ōtākaro is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A entity of the Public Finance Act 1989. Ōtākaro has been established with limited life expectancy.

The purpose of Ōtākaro is to add value to Anchor Projects and Crown Land in a manner that balances a desire to achieve good commercial outcomes against the Crown’s regeneration objectives, and supports the Crown’s exit over time on favourable terms.

Ōtākaro was incorporated on 17 February 2016 with two shareholding Ministers and a Board of Directors. The first financial statements were for the period 17 February 2016 to 30 June 2016 and this is the comparative period included in these financial statements.

Ōtākaro has designated itself as a public benefit entity (PBE) for the purposes of financial reporting under Public Sector PBE Standards (PBE Standards). Ōtākaro is a public authority and is exempt from the payment of income tax. Accordingly, no provision has been made for income tax in the financial statements.

The budget figures are those approved by the Board and included in the 2016/2017 statement of performance expectations. The budget figures have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP), using accounting policies that are consistent with those used in preparing these financial statements.

These financial statements have been prepared:

- In accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which include the requirement to comply with NZ GAAP
- In accordance with generally accepted accounting practice (GAAP) and comply with Tier 1 PBE Standards
- On a GST-exclusive basis, except for receivables and payables which are presented on a GST-inclusive basis
- With no changes to accounting policies since the date of the 2016 financial statements
- On an historical cost basis modified by the revaluation of certain assets
- In New Zealand dollars rounded to the nearest one thousand, unless separately identified.

The financial statements of Ōtākaro are for the year ended 30 June 2017, and were approved by the Board of Directors on 9 October 2017.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, Ōtākaro has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property and equipment (note 2A)
- Fair value of land and buildings (note 2A)
- Net realisable value of land and buildings held as inventory (note 2B)
- Provision for transfer of land assets (note 2D)
- Current portion of borrowing (note 3B).

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies:

- Recording of funding received in advance (note 1B)
- Classification of land and buildings (note 2A and *significant matters* section)
- The capitalisation point for project costs (see *significant matters* section)
- Classification of projects (see *significant matters* section).

Significant matters in the financial year

IN THIS SECTION

Significant matters which have had an impact on the financial performance and position of Ōtākaro.

PROJECTS AND THEIR FUNDING

The Crown has committed to the continued support of Ōtākaro and the regeneration of Christchurch by agreeing to fund Ōtākaro for the completion of various Anchor Projects in Christchurch, as listed below. The graph below summarises funding received by project type.

Operating projects

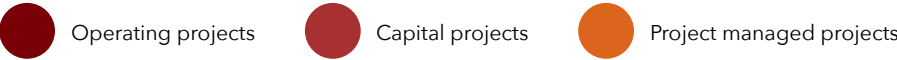
These projects are considered operational in nature for any of the following reasons:

- 1. The project involves improving land not owned by Ōtākaro
- 2. The project has not reached detailed design phase so it does not yet generate an asset for Ōtākaro
- 3. Construction has finished and Ōtākaro is maintaining the asset until it transfers, for example the maintenance costs for the Margaret Mahy Playground
- 4. The project work undertaken is remediating contaminated land and doesn't increase the value of the land.

Projects include Avon River Precinct, Convention Centre, East Frame Residential, Performing Arts Precinct, Bus Interchange, and An Accessible City. The Earthquake Memorial and Margaret Mahy Playground were fully completed during the year and are now being maintained by Ōtākaro.

Ōtākaro is funded for these projects by the Crown with no conditions attached, therefore funding is recognised when received.

PROJECT FUNDING (\$130.3m)



PROJECT ASSETS

When operating and capital projects were transferred to Ōtākaro, land and building assets were transferred with them. The classification of these assets in the statement of financial position is based on the expected future use.

A Land Divestment Strategy has been approved by the Board of Directors during the year. It determines the expected future use of land and buildings held by Ōtākaro.

The completion of this strategy has clarified the likely future use of Ōtākaro project assets. As a result, the classification of some land and buildings has changed from the prior period. For further details see note 2B.

In the prior year and without an approved strategy, the expected future use of land assets held by Ōtākaro was less certain. In that year assets were classified as part of property and equipment.

Land and buildings associated with the projects have been classified as follows:

- 1. Land and buildings held as inventory – these are the land and buildings that have been designated by the Divestment Strategy as surplus land holdings. They have been classified as inventory because Ōtākaro will be selling surplus land holdings as part of its core business.
- 2. Land and buildings as part of property and equipment – this land is either public realm that is expected to transfer to another entity in the future or that is being held for strategic purposes.

Project assets breakdown	2017 \$000	2016 \$000
Land and building held as inventory	105,568	46,150
Non-current assets held for sale	-	3,808
Property and equipment		
– Land	74,950	86,056
– Buildings	56,542	67,984
– Work in progress	27,395	5,644
Total assets related to projects	264,455	209,642

TRANSFER OF PUBLIC REALM ASSETS

The Crown has an agreement with the Christchurch City Council (CCC) to vest certain pieces of land owned by Ōtākaro at some time in the future. Ōtākaro is not a party to this agreement.

A memorandum of understanding has been reached between CCC and Ōtākaro as to how this land will transfer from Ōtākaro to CCC. Given an agreement has been reached, a provision for the transfer of assets has been created.

Included in the provision for the transfer of public realm assets are those assets that are known to be transferring to CCC in the future. These assets have either been recorded as land in the property and equipment class of asset or are recorded as capital work in progress.

In the prior year, there was no memorandum of understanding in place between Ōtākaro and CCC hence there was less certainty about the timing and value of the transfer of assets. This gave rise to a contingent liability in the prior year.

Convention Centre

On 8 September 2016, the Convention Centre project and land were transferred from the Crown to Ōtākaro. On this date, the project became an operating project as it had not reached detailed design phase. Land assets were transferred to Ōtākaro, funded by a Crown loan of \$5.9m and the issue of \$23.6m of shares.

In July 2017, detailed design commenced and in August 2017 the project construction contract was executed. Capitalisation of costs commenced in July 2017.

POST BALANCE DATE EVENTS

Margaret Mahy Playground

Ōtākaro has transferred the Margaret Mahy Playground to CCC for nil value. There was a partial transfer on 29 June 2017, which has been reflected in the financial statements. The remaining land and capital work in progress totalling \$4.56m transferred on 6 July 2017. This has not been reflected in these financial statements.

Margaret Mahy Playground was previously recorded in capital work in progress with an offsetting provision to transfer public realm assets in the statement of financial position.

Metro Sport Facility

As at 30 June 2017 the Metro Sport Facility was a project managed project. On 11 August 2017, this project was transferred from the Crown to Ōtākaro. On this date, the project became a capital project and assets were transferred to Ōtākaro, funded by an issue of shares.

Crown and CCC cost sharing agreement

On 22 August 2017, the Crown and CCC announced they had agreed on a proposed refresh of elements of their Cost Sharing Agreement (CSA). This included the proposed divestment of the Bus Interchange to CCC, which is currently owned by Ōtākaro.

Ōtākaro is committed to supporting the Crown in the divestment of the Bus Interchange.

Details in regards to the timing, scope and quantum of the divestment and the financial impact of these on Ōtākaro are currently being worked through.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2017

	Note	2017 Actual \$000	2017 Budget \$000	2016 \$000
Income				
Project funding	1A	75,230	95,179	23,340
Operational funding	1B	18,419	20,000	3,586
Properties and facilities funding	1B	2,846	3,299	725
Other revenue	1C	12,394	1,224	1,933
Total revenue		108,889	119,704	29,584
Expenses				
Establishment expenses		317	309	5405
Operating project expenses	1A	66,375	113,270	5,732
Operational expenses	1B	18,419	20,000	3,586
Properties and facilities expenses	1B	2,863	3,299	543
Provision for transfer of public realm assets	2D	44,619	-	-
Other expenses	1D	7,837	4,414	1,766
Total expenses		140,431	141,292	17,032
Land sales	2B	11,629	29,738	-
Cost of land sales	2B	(10,818)	(28,808)	-
Gain on land sales		811	930	-
Net surplus/(deficit) for the year		(30,731)	(20,660)	12,552
Other comprehensive revenue and expense for the year		-	-	-
Total comprehensive revenue and expense for the year		(30,731)	(20,660)	12,552

Explanation of major variances against budget are provided in note 4F.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Note	Capital \$000	Accumulated Surplus \$000	Total \$000
Opening balance 17 February 2016				
		-	-	-
Comprehensive income				
Net surplus/(deficit)		-	12,552	12,552
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		-	12,552	12,552
Owners' transactions				
Capital contribution - crown		76,854	-	76,854
Closing balance 30 June 2016		76,854	12,552	89,406
Comprehensive income				
Net surplus/(deficit)		-	(30,731)	(30,731)
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		76,854	(18,179)	58,675
Owners' transactions				
Capital contribution - crown		63,117	-	63,117
Closing balance 30 June 2017	3A	139,971	(18,179)	121,792

Explanation of major variances against budget are provided in note 4F.

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

Assets	Note	2017 Actual \$000	2017 Budget \$000	2016 Actual \$000
Current assets				
Cash and cash equivalents	3C	52,751	25,275	95,094
Short term deposits	3D	23,500	-	-
Trade and other receivables	3E	3,584	3,189	4,137
Non-current assets held for sale		-	-	3,808
Current portion of land and buildings classified as inventory	2B	45,973	-	-
Prepayments		589	253	592
Total current assets		126,397	28,717	103,631
Non-current assets				
Property and equipment	2A	131,655	185,581	154,142
Other recievables	3E	3,162	-	-
Capital work in progress	2C	27,395	54,408	5,833
Land and buildings classified as inventory	2B	59,595	46,150	46,150
Total non-current assets		221,807	286,139	206,125
Total assets		348,204	314,856	309,756
Liabilities				
Current liabilities				
Creditors and other payables	3F	15,237	15,153	15,867
Employee entitlements	4C	614	-	226
Funding in advance	1B	1,581	-	26,244
Funds held on behalf of Crown to fund project managed projects	1A	7,888	-	33,205
Revenue in advance - Non Crown	1A	9,816	-	-
Provisions		60	-	60-
Current portion of borrowings	3B	33,440	-	3,214
Total current liabilities		68,636	15,153	78,816
Non-current liabilities				
Term loan	3B	114,319	133,553	141,534
Provision for transfer of public realm assets	2D	43,457	-	-
Total non-current liabilities		157,776	133,553	141,534
Total liabilities		226,412	148,706	220,350
Net assets		121,792	166,150	89,406
Equity				
Contributed capital	3A	139,971	174,258	76,854
Accumulated surplus	3A	12,552	12,552	-
Total comprehensive revenue and expense for the year		(30,731)	(20,660)	12,552
Total equity		121,792	166,150	89,406

Explanation of major variances against budget are provided in note 4F.

The accompanying notes form part of these financial statements

PART 9: Financials

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	2017 Actual \$000	2017 Budget \$000	2016 \$000
Cash flows from operating activities				
Crown and other revenues		71,515	66,461	93,875
Interest received		925	-	2
Sales of goods sold		9,629	29,738	-
Payments to suppliers and employees		(94,015)	(139,939)	(17,070)
Interest paid		(174)	-	-
Goods and services tax (net)		(5,688)	-	5,540
Net cash inflow/(outflow) from operating activities	3C	(17,808)	(43,740)	82,347
Cash flows from investing activities				
Sale of assets		2,795	-	-
Purchase of property and equipment		(6,169)	-	(111)
Purchase of capital work in progress		(22,739)	(49,342)	(2,980)
Payments of investments		(23,500)	-	-
Net cash inflow/(outflow) from investing activities		(49,613)	(49,342)	(3,091)
Cash flows from financing activities				
Capital contribution – Crown		33,910	45,142	15,838
Loan repayment		(8,832)	(21,879)	-
Net cash inflow/(outflow) from financing activities		25,078	23,263	15,838
Net increase/(decrease) in cash and cash equivalents		(42,343)	(69,819)	95,094
Cash and cash equivalents at the beginning of the year		95,094	95,094	-
Cash and cash equivalents at the end of the year		52,751	25,275	95,094

Explanation of major variances against budget are provided in note 4F.



Section 1: Financial performance

IN THIS SECTION

This section provides additional information about items relating to financial performance and projects, including:

- a) Accounting policies, judgements and estimates that are relevant for understanding items related to financial performance and projects
- b) Analysis of the performance of Ōtākaro for the year by reference to key areas of projects and operational activities.

1A – PROJECTS

The three types of projects that Ōtākaro is being funded by the Crown to deliver are:

- 1. Projects that are operating in nature
- 2. Projects that are capital in nature
- 3. Projects managed, but not owned by Ōtākaro.

Refer to *significant matters* section for descriptions of the projects.

Projects - operating

Funding for operating projects was received from the Crown during the financial year.

Crown funding is restricted in its use to the purpose set out in the relevant funding agreement to deliver specific projects.

There are no ‘use or return’ conditions attached to the funding and therefore it is recognised as revenue at the point of entitlement, which is considered to be the first day of the quarter for which the funds received relate.

The fair value of all revenue received from the Crown (including projects and operational funding) has been determined to be equivalent to the amounts due under the funding agreements.

1A – PROJECTS CONTINUED

Breakdown of operating projects’ funding

Project	2017 \$000	2016 \$000
An Accessible City	14,413	11,078
Avon River Precinct	15,473	11,262
Bus Interchange	18	1,000
Convention Centre	25,533	-
East Frame Residential	1,325	-
Performing Arts Precinct	793	-
Land remediation	17,675	-
Total funding	75,230	23,340

Breakdown of operating projects’ expenditure

Project	2017 \$000	2016 \$000
An Accessible City	22,351	1,146
Avon River Precinct	12,407	3,978
Bus Interchange	44	161
Convention Centre	12,750	-
East Frame Residential	485	96
Performing Arts Precinct	45	351
Margaret Mahy Playground	198	-
Earthquake Memorial	710	-
Land remediation	17,386	-
Total operating projects’ expenditure	66,375	5,732

Utilised as follows	\$000	\$000
Construction contractors	27,168	4,296
Project manager	1,640	363
Design services	4,698	471
Quantity surveyor	1,454	130
Land remediation	17,386	-
Other project expenses	14,029	472
Total operating projects’ expenditure	66,375	5,732

1A – PROJECTS CONTINUED

Projects – capital

Projects that are considered capital in nature create assets for Ōtākaro and are funded by the issue of share capital. Funding received for these projects is not recognised as revenue. Total shares issued in relation to capital funded projects was \$33.9m. Total costs for the year on these projects was \$29.5m.

Build costs related to these projects are capitalised to work in progress (see note 2C) and once the projects are complete they will be recognised as property and equipment and will be depreciated.

The Earthquake Memorial was completed during the year. As at 30 June 2017 it is recognised as buildings included in property and equipment and is depreciated.

Breakdown of capital projects’ funding

Project	2017 \$000	2016 \$000
East Frame Public Realm	14,201	2,634
Earthquake Memorial	7,815	590
South Frame	9,296	6,514
Margaret Mahy Playground	2,597	-
Total funding	33,909	9,738

Breakdown of capital projects’ expenditure

Project	\$000	\$000
East Frame Public Realm	13,274	371
Earthquake Memorial	6,018	1,690
South Frame	8,394	3,160
Margaret Mahy Playground	1,774	423
Total capital projects’ expenditure	29,460	5,644

Utilised as follows	\$000	\$000
Construction contractors	27,168	4,016
Project management	319	134
Architect	406	101
Other project expenses	1,550	1,393
Total capital projects’ expenditure	29,460	5,644

More details are provided in note 2C in regards to capital work in progress.

1A – PROJECTS CONTINUED

Project managed projects

All funding received from the Crown for project managed projects is initially recorded as a liability. Expenses related to project managed projects are paid by Ōtākaro on behalf of the Crown and these amounts reduce the liability.

Funding was received from CCC during the year (\$9.6m) in relation to the Metro Sport Facility project. Given the nature of this project the funding received has been recognised as a liability in the statement of financial position. When the related assets transfer to Ōtākaro, the funding will be recognised as revenue in the statement of comprehensive revenue and expense.

Funding received and expenses incurred are not reflected in the statement of comprehensive revenue and expense. An amount is recorded as a liability to represent the unspent funding at 30 June 2017.

As noted in the significant matters section the Convention Centre became an operating project in September 2016.

Breakdown of project managed project funding

Project	2017 \$000	2016 \$000
Convention Centre	-	28,967
Metro Sport Facility (Crown)	11,535	5,531
Metro Sport Facility (CCC)	9,616	-
Total funding for project managed projects	21,151	34,498

Breakdown of project managed project expenditure

Project	2017 \$000	2016 \$000
Convention Centre	3,239	195
Metro Sport Facility	8,080	1,098
Total expenditure for project managed projects	11,319	1,293

Utilised as follows	\$000	\$000
Specialist engineer	3,204	497
Consultancy	1,210	120
Project management	755	89
Other project expenses	6,150	587
Total expenditure for project managed projects	11,319	1,293

	\$000	\$000
Prior year unspent funding	33,205	-
Funding received	21,151	34,498
Convention Centre funding released	(25,533)	-
Expenditure	(11,319)	(1,293)
Unspent funding for project managed projects	17,504	33,205

Represented by:	\$000	\$000
Funds held on behalf of Crown to fund project managed projects	7,888	33,205
Revenue in advance - non Crown	9,616	-
Total unspent funding for project managed projects	17,504	33,205

Revenue in advance - non-Crown

Revenue in advance is made up of \$9.6m (2016: nil) funding received from CCC in relation to Metro Sport Facility, and \$0.2m (2016: nil) for a deposit received on the Retail Precinct land sale that will complete during the next financial year.

1B – OPERATIONAL FUNDING

Operational funding from the Crown

An agreement between Ōtākaro and the Crown is in place for the Crown to fund the Company’s operational expenditure.

That agreement sets out restrictions on the use of the funding and applies conditions to unspent money in any quarter.

Given the funding has conditions detailed in the funding agreement, the revenue recognised is in line with the allowable expenditure incurred. Any unspent funding as at 30 June 2017 is recorded as funding received in advance (liability).

Breakdown of operational funding from the Crown

	2017 \$000	2016 \$000
Operational funding received from the Crown	20,000	6,666
Recognised as follows		
Operational funding (revenue)	18,419	3,586
Funding received in advance (liability)	1,581	3,080

Breakdown of operational expenditure

Operational expenses	2017 \$000	2016 \$000
Fees paid to Audit New Zealand for audit of financial statements - 2017	104	-
Fees paid to Audit New Zealand for audit of financial statements - 2016	10	80
Fees paid to Audit New Zealand for other assurance services	31	-
Depreciation	123	8
Personnel costs	13,673	2,741
Consultancy	1,592	118
Other operational expenses	2,886	639
Total operational expenses	18,419	3,586

Funding received in advance

Funding received in advance is made up of operational funding unspent. Total funding unspent at 30 June 2017 is \$1.6m (2016: \$3.08m). In the prior year, this balance also included future quarter funding received in advance. As at 30 June 2017 there is no future quarter funding received in advance (2016: \$23.16m).

1B – OPERATIONAL FUNDING CONTINUED

Operational property and facilities funding from the Crown

Funding for operational property and facilities is funded by the Crown.

All funding received and expenses incurred are recognised in the period in which they are received or incurred.

	2017 \$000	2016 \$000
Bus Interchange facilities management	1,159	500
Land holding costs	1,687	225
Total operational property and facilities funding	2,846	725

Utilised as follows	\$000	\$000
Repairs and maintenance	340	73
Rates	1,484	301
Cleaning	359	113
Other	680	56
Total operational property and facilities expenditure	2,863	543

Critical judgements in applying accounting policies

Ōtākaro considers all funding received from the Crown to be non-exchange transactions. That includes all funding recorded as revenue and funding received in advance and amounts recorded as payables to or receivables from the Crown.

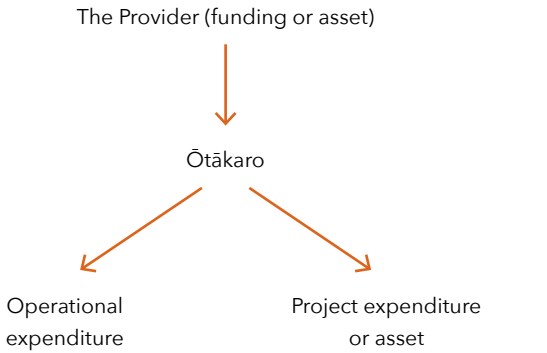
Additionally, any land that transfers to Ōtākaro from another entity at nil cost is a non-exchange transaction.

The split between exchange and non-exchange revenue is as follows:

	2017 \$000	2016 \$000
Non-exchange revenue	106,021	29,116
Exchange revenue	14,498	468
Total revenue	120,519	29,584

What is a non-exchange transaction?

This type of transaction is when the Provider does not receive a direct benefit in return for the funding or asset provided. The funding or asset received from the Provider is utilised to complete the various operational and capital funded projects. Ōtākaro considers this as an indirect benefit for the Provider, rather than direct benefit.



1C - OTHER REVENUE

Other revenue	2017 \$000	2016 \$000
Interest revenue	4,587	621
Donations received	-	846
Rental revenue from leased land and buildings	1,171	209
Non-exchange revenue from asset transfers	6,538	-
Other revenue	98	257
Total other revenue	12,394	1,933

Rental revenue

Lease receipts under an operating lease are recognised as revenue on a straight-line basis over the lease term.

These are in relation to car parking and building leases on land and buildings owned by Ōtākaro.

Interest revenues

Interest revenue is made up of:

- Interest received on term deposits and balances held in the bank \$1.6m (2016: \$3k)
- The portion of interest on term borrowings that will be met by the Crown \$2.9m (2016: \$0.6m).

Non-exchange revenue from asset transfers

During the year, land related to certain closed roads for Anchor Projects was transferred to Ōtākaro from the Crown at nil cost. This transfer is considered a non-exchange transaction and the value of the transfer is recorded at fair value.

The fair value has been estimated based on 30 June 2017 land values as per the 30 June 2017 land and buildings valuation, by using the square metre rate for the related project asset land (per the valuation) and the size of the land parcel transferred to Ōtākaro.

Fair value of the assets transferred have been recorded as non-exchange revenue and as additions to land included in property and equipment.

1D - OTHER EXPENSES

Other expenses	2017 \$000	2016 \$000
Depreciation of buildings	681	281
Finance costs	6,117	1,312
Inventory write-down to Net Realisable Value	993	-
Other expenses	46	-
Impairment loss	-	173
Total other expenses	7,837	1,766

Depreciation of buildings

For further details, see note 2A.

Finance costs

Borrowing costs are expensed in the financial year in which they are incurred. They relate to the interest charged on the loans from Crown.

Donations

No donations have been made by Ōtākaro during the period.

Inventory write-down to Net Realisable Value (NRV)

For further details, see note 2B.

Section 2: Assets

IN THIS SECTION

This section explains the types of assets Ōtākaro owns, as listed below, and how they have been valued.

1. Property and equipment
2. Land and buildings held as inventory.
3. Work in progress

2A – PROPERTY AND EQUIPMENT

	\$000 Land	\$000 Buildings	\$000 Office furniture and equipment	\$000 Total
Capital contribution	86,056	68,265	-	154,321
Additions	-	-	111	111
Depreciation expense	-	(281)	(9)	(290)
Net book value 30 June 2016	86,056	67,984	102	154,142
Cost or fair value	86,056	68,265	111	154,432
Less accumulated depreciation	-	(281)	(9)	(290)
Net book value 30 June 2016	86,056	67,984	102	154,142
Additions	41,273	7,941	146	49,360
Transfers - land and buildings held as inventory	(52,379)	(18,665)	-	(71,044)
Depreciation expense	-	(718)	(85)	(804)
Net book value 30 June 2017	74,950	56,542	163	131,655
Cost or fair value	74,950	57,541	257	132,749
Less accumulated depreciation	-	(999)	(94)	(1,094)
Net book value 30 June 2017	74,950	56,542	163	131,655

Total depreciation of \$804k is made up of \$681k for Bus Interchange and other buildings’ depreciation (note 1D) and \$123k of depreciation for leasehold improvements and office equipment (note 1B).

2A – PROPERTY AND EQUIPMENT CONTINUED

Recognition and measurement

Land and buildings are held on the balance sheet at their fair value at the date of revaluation, less any subsequent depreciation and impairment losses. All other property and equipment are stated at historic cost less accumulated depreciation and any accumulated impairment losses.

Additions

The cost of an item of property and equipment, together with costs incurred subsequent to the initial acquisition are recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Ōtākaro and the cost of the item can be measured reliably.

In most instances, an item of property and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

The costs of day-to-day servicing of property and equipment are expensed in the statement of comprehensive revenue and expense as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the statement of comprehensive revenue and expense.

Depreciation

Depreciation of property and equipment assets, other than land, is calculated on a straight-line basis. This allocates the cost or fair value amount of an asset, less any residual value, over its estimated remaining useful life.

The useful lives of the major classes of assets are:

- Buildings 66 years
- Computer equipment 2 years
- Office furniture 4 years
- Fixtures and fittings 4 years.

The residual value and useful life of an asset is reviewed and adjusted if applicable, at each balance date.

Capital commitments

The value of committed contracts at balance date in relation to capital projects is made up of committed contracts for the South Frame and East Frame Public Realm projects. In the prior year, capital commitments also included committed contracts in relation to the Earthquake Memorial.

	2017 \$000	2016 \$000
Less than one year	12,426	17,375
Between one and five years	-	1,385
Total capital commitments	12,426	18,760

Impairment of property and equipment

Items of property and equipment held at cost include computer hardware, office equipment and furniture and fittings. These items will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed its value in use.

As at 30 June 2017, no events or changes in circumstances were identified to warrant an impairment review.

Fair value and revaluation of land and buildings

Land and building revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the balance date.

Material land and building revaluation movements are accounted for on a class of asset basis.

Any material net revaluation results are recorded in other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the statement of comprehensive revenue and expense.

2A – PROPERTY AND EQUIPMENT CONTINUED

Key judgements and estimates

Estimating useful lives and residual values

Ōtākaro makes estimates of the remaining useful lives of assets. Assessing the appropriateness of useful life and residual value estimates of property and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset, and expected disposal proceeds from the future sale of the asset.

An incorrect assessment will affect the depreciation expense and the carrying amount of the asset. Useful lives will be reviewed annually to minimise the estimation uncertainty.

Estimating the fair value of land and buildings

The most recent valuation of land and buildings was performed by an independent registered valuer, M Ogg of CBRE. The valuation is effective 30 June 2017.

Land

Fair value, using market-based evidence, is based on the highest and best use of the land, with reference to comparable land values.

Adjustments have been made to some land values for the following reasons:

- Where there is a designation against the land, arising from the District Plan, restricting its future use. The adjustment reflects the negative effect on the value of the land where an owner’s control of their property is reduced. These adjustments ranged from 0% to 15%.
- Where there is a public realm designation against the land, restricting its future use. The adjustment reflects the negative effect on the value of land. The adjustment is to reduce the fair value of the land to 33% of the value.
- Where the size of the section or block is considered to have an impact on the ability to sell the piece of land. The adjustment reflects the negative effect on the value of land given the increased difficulty of selling. These adjustments ranged from 5% to 20%.
- Where the location of a piece of land is considered to have an impact on the land’s desirability and value. The adjustment reflects the positive effect the location has on the value of the land. These adjustments ranged from 2.5% to 10%.

Buildings

Specialised buildings

The Bus Interchange is valued using depreciated replacement cost due to its specialised nature. Significant assumptions applied when determining depreciated replacement cost. These include:

- The replacement asset is based on the reproduction of the building
- The replacement cost is derived and adjusted (where appropriate) from recent construction contracts related to this project (as it was completed in July 2015)
- The remaining useful life of the asset is estimated after considering factors such as the condition of the asset and future maintenance and replacement plans
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings

In the prior year valuation, there were some non-specialised buildings within the South Frame. These are now included as part of land and buildings held as inventory.

2B – LAND AND BUILDINGS HELD AS INVENTORY

Land and buildings classified as inventory are recorded at the lower of cost and net realisable value.

Ōtākaro owns land and buildings in the Christchurch central business district that will be sold in the ordinary course of business.

Any material write-down from cost to net realisable value for the loss of service potential is recognised in the statement of comprehensive revenue and expense in the period of the write-down. The write-down of inventories during the year was \$993k (2016: nil). The write-down reflects the decrease in the market valuation of some inventory assets in the 30 June 2017 CBRE valuation.

Inventories acquired through non-exchange transactions are measured at fair value at the date of the acquisition.

Land and buildings held as inventory	2017 \$000	2016 \$000
Land	85,628	44,875
Building	19,940	1,275
Total land and buildings held as inventory	105,568	46,150

The increase in the inventory balance relates to land and building transfers from property and equipment, less sales of inventory and write-downs.

Represented by:	\$000	\$000
Current assets	45,973	-
Non-current assets	59,595	46,150
Total land and buildings held as inventory	105,568	46,150

All land and buildings held as inventory have loans from the Crown attached to them. The total value of loans held in relation to land and buildings held as inventory is:

	\$000	\$000
Land	67,782	36,228
Building	14,168	1,029
Total loans related to land and buildings held as inventory	81,950	37,257

Land sales and cost of land sales

The sales in the current year included two pieces of surplus land holdings and SuperLot 4 within the East Frame Residential Precinct. The sale of SuperLot 4 for \$2m is recorded as a receivable in the statement of financial position.

2C – CAPITAL WORK IN PROGRESS

Capital work in progress is recognised at cost less any impairment and is not depreciated.

Specialised assets and capital works which are not yet completed make up the majority balance of work in progress.

The Earthquake Memorial was fully completed and capitalised to property and equipment in May 2017.

	2017 \$000	2016 \$000
South Frame	11,553	3,160
Margaret Mahy Playground	2,197	423
East Frame Public Realm	13,645	371
Earthquake Memorial	-	1,691
Building fit out	-	189
Total capital work in progress	27,395	5,834

2D – PROVISION FOR TRANSFER OF PUBLIC REALM ASSETS

A provision is recognised for future expenditure of uncertain amount or timing when:

- There is a present obligation (whether legal or constructive) as a result of a past event
- It is probable that an outflow of future economic benefits or service potential will be required to settle the obligation
- A reliable estimate can be made of the value of the obligation.

Provisions are measured at the value of the expenditure expected to be required to settle the obligation.

A provision for the transfer of public realm assets has been created in the current year. The provision recognises that certain pieces of land and capital work in progress will transfer to CCC in the future, as a result of the signing of a memorandum of understanding between Ōtākaro and CCC.

	2017 \$000
Land	
- Public Realm	13,702
- Margaret Mahy Playground	2,360
Capital work in progress	27,395
Total provisions for transfer of public realm assets	43,457

The provision has not been discounted as Ōtākaro is a limited life entity. The public realm assets are to transfer within two years and the provision offsets the carrying value of the assets to be transferred.

The reconciliation of provision for transfer of public realm assets liability to expenditure is as follows:

	2017 \$000	2016 \$000
Opening provision	-	-
Provision expensed during the year	44,619	-
Provision utilised during the year	(1,162)	-
Closing provision	43,457	-

Section 3: Managing funding

IN THIS SECTION

This section explains how Ōtākaro manages its capital structure and working capital and the various funding sources and provides information about:

- 1. Equity and shareholding
- 2. Cash management and debt
- 3. Receivables and payables.

3A – SHARE CAPITAL AND EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and is currently classified into the following components:

- Contributed capital
- Accumulated surplus.

All shares issued are fully paid and have a face value of \$1 each. The total number of shares authorised as at 30 June 2017 is 139,971,812 (2016: 76,854,469).

Contributed capital is made up of multiple share issues during the year:

- 1. Land transfer from Land Information New Zealand (LINZ) of 5.6m shares for \$5.6m
- 2. Partial funding of the Convention Centre land of 23.6m shares for \$23.6m
- 3. Capital funded projects of 33.9m shares for \$33.9m (see note 1A).

Capital management

Ōtākaro is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

Ōtākaro has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

Ōtākaro manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, and general financial dealings to ensure that Ōtākaro effectively achieves its objectives and purpose, while remaining a going concern.

Breakdown of equity	2017 \$000	2016 \$000
Contributed capital		
Opening balance	76,854	-
Additional capital contributed	63,117	76,854
<i>Closing balance</i>	<i>139,971</i>	<i>76,854</i>
Accumulated surplus		
Opening balance	12,552	-
Surplus/(deficit) for the year	(30,731)	12,552
<i>Closing balance</i>	<i>(18,179)</i>	<i>12,552</i>
Total equity	121,792	89,406

3B – BORROWINGS

Borrowings are initially recognised at the amount borrowed. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. All borrowing costs are expensed in the period incurred.

All borrowings are held with the Crown and are attached to land and buildings transferred to Ōtākaro.

All loans are repayable upon the sale of the underlying asset. A portion of the interest due is not repayable upon the sale of the underlying asset.

Borrowings	2017 \$000	2016 \$000
Current portion	33,440	3,214
Non-current portion	114,319	141,534
Total borrowings	147,759	144,748

Key judgement and estimates

Ōtākaro makes estimates of the amount recorded as the current portion of borrowings. The loans are held with the Crown and have no regular repayments. The loans are repaid as and when the underlying asset is sold.

The current portion of borrowing is made up of either:

- The borrowing attached to those assets that have signed sale and purchase agreements in place as at 30 June 2017 and will be completed before 30 June 2018; or
- The borrowing attached to those assets that were included in the budget as expected to be sold before 30 June 2018.

3C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents is cash held in a bank trading account and short term deposits.

Balances are held with Westpac Bank and ASB Bank Limited, both with credit ratings of AA-, assessed by reference to Standard and Poor’s credit rating.

Reconciliation of net surplus/(deficit) to cash flows from operating activities

Reconciliation	2017 \$000	2016 \$000
Operating surplus/(deficit)	(30,731)	12,552
<i>Add/(less) non-cash items</i>		
Depreciation	804	290
Impairment of assets	-	173
Inventory writedown	993	-
Non-exchange revenue	(6,538)	-
Inventory expenses	10,818	-
Interest capitalised	5,943	1,312
Vesting expense	44,619	-
<i>Add/(less) movements in working capital items</i>		
Accounts receivable	(2,609)	(4,137)
Prepayments	2	(592)
Accounts payable & accruals	(242)	16,153
Funding received in advance	(40,163)	59,449
<i>Add/(less) items recorded as investing activities</i>	(703)	(2,853)
Net cash inflow/(outflow) from operations	(17,808)	82,347

3D – TERM DEPOSITS

Term deposits represent funds held in investments for a period of more than 90 days.

Term deposits are held with Westpac Bank with a credit rating of AA-, assessed by reference to Standard and Poor’s credit rating.

3E – TRADE RECEIVABLES

Short term receivables are recorded at the amounts due.

All receivables are with counterparties that have no defaults in the past with Ōtākaro.

All receivables greater than 30 days in age are considered to be overdue. At balance date, there were overdue receivables. These balances were reviewed for impairment. As at 30 June 2017 no balances have been impaired (2016: nil).

Trade receivables relate to amounts that are to be reimbursed to Ōtākaro under the terms of specific agreements.

Current trade and other recievables	2017 \$000	2016 \$000
Trade receivables	208	294
Related party receivable	-	3,225
GST recievable	258	-
Interest recievable	662	618
East Frame residential sale recievable	2,000	-
Other recievables	456	-
Total current trade and other recievables	3,584	4,137

Non-current recievables	\$000	\$000
Interest recievable	3,162	-
Total non-current other recievables	3,162	-

Interest receivable

Interest receivable is the portion of interest capitalised to term borrowings that will be met by the Crown upon repayment of loans. The current portion of interest receivable relates to the amount of interest that will met by the Crown, due on the current portion of term borrowings.

East Frame residential sale receivable

This represents the sale proceeds due from the sale of SuperLot 4. The land sale has been recognised as revenue in the statement of comprehensive revenue and expense.

The sale proceeds will be received upon completion of the proposed buildings as per the agreement between Ōtākaro and Fletcher Residential Limited.

3F – TRADE PAYABLES

Short term payables are recorded at the amount payable.

Total trade payables are split between exchange and non-exchange transactions as follows:

See note 1B for explanation of exchange and non-exchange transactions.

Payables under exchange transactions	\$000	\$000
Creditors	160	165
Accrued expenses	13,571	9,272
Anchor project retentions	1,386	586
Total payables under exchange transactions	15,117	10,023

Payables under non-exchange transactions	\$000	\$000
Related party payable	-	9
PAYE payable	120	306
GST payable	-	5,529
Total payable under non-exchange transactions	120	5,844

	\$000	\$000
Total payables under exchange transactions	15,117	10,023
Total payables under non-exchange transactions	120	5,844
Total trade payables	15,237	15,867

3G – FINANCIAL INSTRUMENTS

Financial instrument categories

	2017 \$000	2016 \$000
Financial liabilities measured at amortised cost		
Payables (excl. deferred revenue & taxes payable)	1,542	751
Borrowing	147,759	144,748
Total financial liabilities measured at armortised cost	149,300	145,499
Loans and receivables		
Cash and cash equivalents	52,751	95,094
Receivables	6,746	4,137
Short term deposits	23,500	-
Total loans and receivables	82,997	99,231

Financial instrument risks

Credit risk

Credit risk is the risk that a third party will default on its obligation to Ōtākaro, causing it to incur loss. In the normal course of business, Ōtākaro is exposed to credit risk from cash with banks and receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Ōtākaro mitigates this by holding cash and term deposits with multiple high quality financial institutions.

Ōtākaro holds a payment security with Fletcher Building Limited, guaranteeing payment of the fixed price portion of SuperLot 4 in the event of non-payment by Fletcher Residential Limited.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Any borrowings issued at variable interest rates exposes Ōtākaro to cash flow interest rate risk.

Ōtākaro has borrowings with two distinct elements, fixed and variable rates. The variable portion is linked to the 90-day bank bill rate. The fixed portion is linked to a fixed margin, as determined by the Crown. This limits the exposure to interest rate movements.

Sensitivity analysis

At 30 June 2017, if the 90-day bank bill rate had been 50 basis points higher or lower, with all other variables held constant, the surplus for the year would have been \$750k (2016: \$58k) lower or higher. This movement would be attributable to increased or decreased interest expense on the Crown loans.

At 30 June 2017, if the bank interest rates had been 50 basis points higher or lower, with all other variables held constant, the surplus for the year would have been \$562k higher or lower. This movement would be attributable to increased or decreased interest revenue received on term deposits.

Liquidity risk

Liquidity risk is the risk that Ōtākaro will encounter difficulty raising liquid funds to meet commitments as they fall due.

The majority of funding is received from the Crown and all borrowing is held with the Crown. Borrowings are repaid when associated assets are sold. The final repayment date is June 2023. As a result, Ōtākaro has minimal liquidity risk.

Ōtākaro manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Section 4: Other

IN THIS SECTION

This section includes the remaining information relating to the Ōtākaro financial statements which is required to comply with financial reporting standards.

4A – OPERATING LEASE COMMITMENTS

Operating lease payments

Operating lease payments made during the year totalled \$675k (2016: \$106k), relating to motor vehicle, computer and premises leases.

Operating lease commitments

Operating leases are leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items.

Lease commitments and receipts have been estimated based on the assumption that Ōtākaro has a limited life, not exceeding six years.

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are:

	2017 \$000	2016 \$000
Not later than one year	746	724
Later than one year and not later than five years	2,159	2,670
Later than five years	-	156

A significant portion of the total non-cancellable operating lease expense relates to the lease of two and half floors of an office building. The lease expires in October 2021. There is no option to purchase the asset at the end of the lease term.

Operating leases as lessor

The future aggregate minimum lease payments to be received under non-cancellable operating leases are:

	2017 \$000	2016 \$000
Not later than one year	440	336
Later than one year and not later than five years	1,197	994
Later than five years	-	231

Operating lease receipts are largely derived from the Ōtākaro ownership of the Bus Interchange, rental leases within the Bus Interchange, and several properties currently utilised as car parking facilities.

4B – RELATED PARTIES

Ōtākaro is owned by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that is reasonable to expect Ōtākaro would have adopted in dealing with the party at an arm’s length in the same circumstances.

In conducting its activities, Ōtākaro is required to pay various taxes and levies (such as GST, PAYE, FBT and rates) to the Crown and entities related to the Crown. The payment of these taxes is based on the standard terms and conditions that apply to all taxpayers.

Ōtākaro enters into transactions with government departments, Crown entities and state-owned enterprises (e.g. New Zealand Post) and other government-related bodies (e.g. Air New Zealand and local councils). These transactions occur within normal supplier or client relationships on terms and conditions no more or less favourable than those that it is reasonable to expect Ōtākaro would have adopted if dealing with those entities at arm’s length in the same circumstances. These have not been disclosed as related party transactions and are not individually or collectively significant.

4C – EMPLOYEE ENTITLEMENTS AND BENEFITS

Employee entitlements

Provision is made for benefits owing to employees in respect of wages and salaries and annual leave. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

Short term employee entitlements are due to be settled within 12 months after the end of the year in which the employee provides the related service. They are measured based on accrued entitlements at current rates of pay.

A liability and an expense are recognised for bonuses where there is a contractual obligation and a reliable estimate of the obligation can be made.

Employee entitlements	2017 \$000	2016 \$000
Current portion		
– Accrued salaries and wages	285	131
– Annual leave	329	95
Total current portion	614	226

Employee benefits

These amounts include salaries and wages of Ōtākaro employees and payments to contractors, that were temporarily filling a position on the organisational chart of Ōtākaro. In addition, employer’s contributions to KiwiSaver are included.

	2017 \$000	2016 \$000
Establishment personnel costs	-	485
Operational personnel costs	13,673	2,741
Total employee benefits	13,673	3,226

Defined contribution schemes

Employer contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are expensed as incurred.

4D – CONTINGENCIES

As at 30 June 2017 Ōtākaro has no contingent liabilities (2016: \$15.6m) or contingent assets (2016: nil).

Some land owned by Ōtākaro has been identified as containing potential contaminants that will need to be remediated in the future. The quantum of the remediation work required is not fully known. As work progresses the full quantum and cost to remediate will become more certain.

The Crown has allocated funding to remediate land. Ōtākaro can draw down on this funding as remediation projects progress.

4E – CHANGES IN FINANCIAL REPORTING STANDARDS

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to Ōtākaro are:

- PBE IFRS 9 Financial Instruments – this replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. It will be effective for annual periods beginning on or after 1 January 2021.
- In April 2017, the XRB issued Impairment of Revalued Assets, which now clearly scopes in revalued property and equipment in the impairment standards.

The timing of Ōtākaro adopting these standards will be guided by the Treasury’s decision on when the Financial Statements of Government will adopt them. Ōtākaro has not yet assessed the effects of the new standards.

4F – EXPLANATIONS FOR VARIANCE TO BUDGET

All variances identified are in \$000s.

Statement of comprehensive revenue and expense

Project funding (\$19,949)

Project funding is lower than the budget due to changes to the timing of project cash flows for various projects. This has resulted in less funding being requested during the year, in addition to utilising overfunding from the prior period.

Other income \$11,170

Most of the variance to budget is made up of roads closed due to Anchor Projects being transferred from Crown to Ōtākaro at a nil value. This is considered non-exchange revenue and must be recorded at fair value. This transfer and resulting non-exchange revenue was not anticipated in the budget. Interest revenue was higher due to the additional cash reserves invested in short term deposits.

Operating project expenses (\$46,895)

Changes to the timing of project cash flows for various projects has resulted in lower than expected project expenditure. For more details, see the *statement of performance*.

Provision for transfer of public realm assets expense \$44,619

The memorandum of understanding (MOU) was signed with CCC outlining the process for the transfer of assets from Ōtākaro to CCC. The signed MOU has created an obligation to transfer public realm assets to CCC. A provision has been created to recognise that the related assets will transfer to CCC for nil value. For more details see the *significant matters* section.

Land sales (\$18,109)

Cost of land sales (17,990)

Land sales that were included in the budget but did not eventuate or were not completed during the year included the Health Precinct, the Retail Precinct and Residential Demonstrator Precinct. The timing of the sale of land has been reviewed and reforecast during the year.

4F – EXPLANATIONS FOR VARIANCE TO BUDGET CONTINUED

Statement of financial position

Cash and cash equivalents and short term deposits \$50,976

Revenue in advance - non Crown \$9,616

It was originally expected that surplus cash held at 30 June 2016 would be spent on projects during the year. In addition, funding received from CCC was not anticipated in the budget.

Property and equipment (\$53,926)

Land and buildings held as inventory \$59,418

The Land Divestment Strategy was approved during the financial year. This strategy clarified the future use of the parcels of land being held by Ōtākaro, resulting in the reclassification of some land and buildings recorded as property and equipment to land and buildings held as inventory.

Work in progress (\$27,013)

In the budget, it was expected that the Metro Sport Facility and Convention Centre would both become capital projects during the 2017 financial year. Their related costs would have been reflected as work in progress at 30 June 2017. However, the Convention Centre project did not reach the required capitalisation phase and the Metro Sport Facility assets did not transfer to Ōtākaro during the 2017 financial year.

Funds held on behalf of the Crown \$7,888

Changes to the timing of project cash flows for the Metro Sport Facility resulted in higher than expected (or lower than expected project expenditure).

Term loan \$14,206

Term loan repayments occur when the related land or buildings are sold. Given there were lower than expected land sales during the year this is reflected in lower repayment amounts, and a higher term loan balance.

Provision for transfer of public realm assets \$43,457

The key driver of this variance is set out in the explanation for the provision for transfer of public realm assets expense.

Contributed capital (\$34,287)

As noted above, the Metro Sport Facility and Convention Centre were expected to become capital projects during the year. The budget also assumed that all project related assets for these projects would transfer to Ōtākaro and be funded by way of a share issue.

Statement of cash flows

	Actual \$000	Budget \$000
Net cash inflow/(outflow) from operating activities	(17,808)	(43,740)
Net cash inflow/(outflow) from investing activities	(49,613)	(49,342)
Net cash inflow/(outflow) from financing activities	25,078	23,263
Net increase/(decrease) in cash and cash equivalents	(42,343)	(69,819)
Cash and cash equivalents at the beginning of the period	95,094	95,094
Cash and cash equivalents at the end of the period	52,751	25,275

The key drivers of these variances are set out in the statement of comprehensive revenue and expense and statement of financial position analysis.

Statement of changes in equity

	Actual \$000	Budget \$000
Opening equity	89,406	89,406
Total comprehensive revenue & expense	(30,731)	(20,660)
Capital contribution	63,118	97,404
Total equity	121,793	166,150

The key drivers of these variances are set out in the statement of comprehensive revenue and expense and statement of financial position analysis.

Remuneration report

Ōtākaro is committed to fair, responsible and equitable remuneration and ensuring a clear relationship between performance and remuneration.

DIRECTOR’S FEES

Directors’ remuneration is paid in the form of director’s fees. Currently director’s annual fees of Ōtākaro are:

Board	Chair	Member
Board of Directors	\$70,000	\$35,000

In the first year of operations (from February 2016 to February 2017) directors were entitled to an additional 50% supplement of the base fee. This was to recognise the additional work required during the first year of operations.

Directors are also entitled to be reimbursed for costs directly associated with carrying out their duties, including travel costs and professional development relevant to their board roles, up to a collective \$12k (up to February 2017: \$15k).

Remuneration paid to non-executive directors of Ōtākaro during the year ended 30 June 2017 is:

Director name	Board fees \$000
Ross Butler (Chair)	88
Miriam Dean	44
Peter Townsend	44
Corinne Haines	39
Total	215

The full time equivalent for Board members is 0.60. This has been determined based on the frequency and length of Board meetings and the estimated time for Board members to prepare for meetings.

No Board members received compensation or other benefits in relation to cessation.

KEY MANAGEMENT PERSONNEL REMUNERATION

Total remuneration paid or payable to members of key management personnel for the year ended is \$1.9m (2016: \$0.4m). This includes the Chief Executive and his direct reports. This equates to six FTEs.

EMPLOYEE REMUNERATION RANGE

The number of employees of Ōtākaro (not including Directors) who during the year ended 30 June 2017 received cash remuneration and other benefits (including KiwiSaver contributions, relocation allowances and bonuses) exceeding \$100,000 is included in the table below (2016: nil).

One employee received compensation in relation to cessation for \$14k (2016: nil).

Employee remuneration range for staff employed as at 30 June 2017

\$000s	# of Staff
100 – 109	6
110 – 119	4
120 – 129	3
130 – 139	5
140 – 149	4
150 – 159	5
160 – 169	2
170 – 179	2
180 – 189	1
190 – 199	1
200 – 209	2
240 – 249	2
280 – 289	1
290 – 299	1
370 – 379	1
570 – 579	1
Total	41



Statement of performance

2016 PERFORMANCE REPORTING

Establishment

Ōtākaro is established with adequate fit-for-purpose infrastructure, organisation structure, systems and processes to be able to accept projects from the Crown by 18 April 2016.

An Establishment Unit was set up in December 2015. It was tasked with setting up the infrastructure, organisation structure, systems and processes of Ōtākaro Limited.

By 18 April 2016 the Establishment Unit had:

- Secured and fit-out a suitable location
- Developed an organisational structure
- Filled a number of permanent positions on the organisational chart
- Implemented the technology operating platform
- Implemented the accounting system, payroll processing system and project management system and
- Adopted a suite of policies and procedures.

Transfer of project assets

Assets for all Anchor Projects (excluding the Convention Centre, the Metro Sports Facility and the Stadium) are transferred to Ōtākaro by 18 April 2016 to ensure project momentum is maintained.

Assets for all Anchor Projects (excluding the Convention Centre, Metro Sports Facility and the Stadium) were transferred to Ōtākaro on 18 April 2016. Assets related to the Convention Centre were transferred in September 2016.

LEFT: Aerial photo of work on Victoria Square.

2017 PERFORMANCE REPORTING

The performance targets of Ōtākaro for the 2017 financial year relate to the construction programme, health and safety, land divestment and establishment of market credibility.

Construction programme				
For further details of the progress of each project see Anchor Project snapshots section of the Annual Report.				
Jul 16 to Sep 16	Oct 16 to Dec 16	Jan 17 to Mar 17	Apr 17 to Jun 17	Project status - 30 June 2017
Convention Centre: preliminary design commences Status: preliminary design commenced in September 2016.	Convention Centre: advance works commence Status: The first stage of advance works commenced ahead of schedule in September 2016.			The project is on schedule and is within budget for the work completed to date.
	Metro Sport Facility: developed design and advance works commence Status: developed design commenced. Advance works commenced on schedule in October 2016.		Metro Sport Facility: advance works complete and main works commenced Status: advance works completed in February 2017. As at 30 June, the design has progressed to a developed design stage, but main works have not commenced.	The project is on schedule and within budget for the work completed to date. Negotiations for a main works contractor are continuing.
		Earthquake Memorial: complete Status: project completed to enable the commemoration event on 22 February 2017.		The project was completed on schedule and within the approved project budget.
	Avon River Precinct: design complete Status: design complete.	Avon River Precinct: main works commence Status: main works for Victoria Square commenced in February 2017 but main works for the remainder of the precinct (Oxford and Cambridge Terraces) did not commence until May 2017.		The project is behind schedule as contract negotiations for the remainder of the precinct took longer than anticipated, due to the novation of the contract from Hawkins to Downer. The project is forecast to be close to the full project budget. Steps are being taken to actively manage risk of any cost overrun.

Construction programme				
Jul 16 to Sep 16	Oct 16 to Dec 16	Jan 17 to Mar 17	Apr 17 to Jun 17	Project Status - 30 June 2017
	East Frame Public Realm: design complete. Main works commence Status: design complete and main works commenced in October 2016.			Project is on schedule and forecast to be within the approved project budget.
		East Frame Residential: Super Lot 4 commence works Status: SL4 commenced.		The project is currently on budget for the work completed to date. The milestone completion dates for Stage 1 are on schedule.
An Accessible City: main works commence Status: main works commenced.				Revision of aspects of the schedule and budget are being undertaken, as a result of the Crown's temporary suspension of funding to Ōtākaro for this project.
South Frame: advance works complete. Main works commence Status: majority of advanced works completed and main works commenced in areas where land is available.				The project is forecast to finish under the approved project budget. The schedule of works is sequenced to account for land availability within the various South Frame blocks.

EXPLANATION OF TERMS:

Advance works: Work on a site or project that needs to be completed before the main aspects of the project can be started. For example, land remediation or ground preparation works.

Main works: The construction of key elements of the project. For example, the construction of the Earthquake Memorial.

Budget: Unless stated otherwise, budget refers to the full project lifecycle budget including budget utilised prior to the project being handed over to Ōtākaro.

Schedule: The detailed timeframe that Ōtākaro has determined is required to deliver the projects.

Health and safety			
Ōtākaro is committed to zero harm in the workplace.			
Jul 16 to Sep 16	Oct 16 to Dec 16	Jan 17 to Mar 17	Apr 17 to Jun 17
	Work with contractors to collate relevant, accurate measurement data for construction sites for baseline of reporting	Confirm company Total Recordable Injuries Frequency Rate (TRIFR) target for rolling 12 month reporting	Develop additional key lag indicator, such as Lost Time Injury Frequency Rate (LTIFR) and lead indicators for field leadership
	Contactor reporting was established and rolled out including the establishment of both lead and lag indicators.	TRIFR target established, endorsed by management in January 2017. TRIFR reporting commenced and forms part of Management's monthly reporting to the Board. The statement of performance expectations established a TRIFR target of 5 for the year ended 30 June 2018. As at 30 June 2017 the rolling 12-month TRIFR was 8.36.	Key Performance Indicators for field leadership were established including site visits, open incidents, open actions and weekly inspections. These form part of Management's monthly reporting to the Board.

Central Christchurch land divestment			
Jul 16 to Sep 16	Oct 16 to Dec 16	Jan 17 to Mar 17	Apr 17 to Jun 17
	Develop the draft Land Divestment Strategy (excludes Residential Red Zone land)	Land Divestment Strategy approved	Have transactions or contracts in place for \$15m value in land divestment sales
	Draft Land Divestment Strategy was prepared for Senior Management review.	Senior Management endorsed the Land Divestment Strategy and it was approved by the Board in May 2017.	Sales completed during the year totalled \$14.4m. Contracts in place at 30 June 2017 that will be completed in the next financial year total \$11.5m.

Trust and confidence in Ōtākaro			
Jul 16 to Sep 16	Oct 16 to Dec 16	Jan 17 to Mar 17	Apr 17 to Jun 17
	Using research carried out by an independent market research organisation from a representative sample of the Christchurch population, Ōtākaro will establish a baseline measure of credibility, trust and confidence.		Once a baseline has been established, Ōtākaro will report against the baseline on an annual basis, with the first report scheduled to align with annual reporting requirements.

The results came from market research carried out by an independent market research organisation, Opinions Market Research Limited, using a representative sample of 400 members of the public aged 15 and over, living in Christchurch. The benchmarking interviews were carried out in November 2016 and the next round of interviews were carried out in April 2017.

The scores comprise the averaged results of a number of survey questions that have been grouped as to whether they relate to ‘confidence’, ‘credibility’, or ‘familiarity’.

The following table presents the baseline and April 2017 actual data:

	Confidence	Credibility	Familiarity
Baseline	46%	37%	36%
April 2017	53%	41%	38%

Scores for each ‘area’ have increased since the benchmarking exercise in November 2016. This is due to a range of communication and engagement activities intended to increase awareness of the role of Ōtākaro and its activities.

Independent Auditor’s report

To the readers of Ōtākaro Limited’s financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Ōtākaro Limited (the company). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the company on his behalf.

OPINION

We have audited:

- the financial statements of the company on pages 58 to 87, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 91 to 95.

In our opinion:

- the financial statements of the company on pages 58 to 87:
 - present fairly, in all material respects
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

- the performance information on pages 91 to 95.
 - presents fairly, in all material respects, the company’s performance for the year ended 30 June 2017
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 9 October 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, other information, and we explain our independence.

BASIS FOR OPINION

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

The Board of Directors is responsible on behalf of the company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company’s ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors’ responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

RESPONSIBILITIES OF THE AUDITOR FOR THE
AUDIT OF THE FINANCIAL STATEMENTS AND THE
PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company’s statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company’s framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 8 to 53 and pages 88 and 89, but does not include the financial statements and the performance information, and our auditor’s report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the company in accordance with the independence requirements of the AuditorGeneral’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of probity assurance reviews over procurement, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the company.



SCOTT TOBIN
Audit New Zealand

On behalf of the AuditorGeneral
Christchurch, New Zealand

Statutory information and other disclosures

Shareholders

Minister of Finance
(Hon Steven Joyce)

Minister supporting Greater Christchurch Regeneration
(Hon Nicky Wagner)

Registered office and contact address

Level 8, HSBC Tower
62 Worcester Boulevard
Christchurch 8013
New Zealand

Auditor

The Auditor-General pursuant to section 15 of the Public Audit Act 2001. Scott Tobin of Audit New Zealand was appointed to perform the audit on behalf of the Auditor-General.

Solicitors

Chapman Tripp
Duncan Cotterill
Greenwood Roche Chisnall
Minter Ellison Rudd Watts
Buddle Findlay
Lane Neave

Bankers

Westpac Banking Corporation
ASB Bank Limited

Senior Management

Albert Brantley
Chief Executive Officer

Robert Fiske
GM Development

Ruth Keating
General Counsel

Dave Mills
GM Corporate Services and CFO

Annemarie Settle
GM Communications and Stakeholder Engagement

Keith Beal
GM Strategy and Property Opportunities

Directors’ interests

Pursuant to sections 140 and 211(e) of the Companies Act 1993, the general disclosures of interest made during the year ending 30 June 2017 by directors of Ōtākaro Limited are included on pages 52 to 53 of the annual report.

RIGHT: *New paving in Victoria Square.*



Ōtākaro Limited
PO Box 73
Christchurch 8140
New Zealand

P: 03 357 6300
E: info@otakaroltd.co.nz
W: otakaroltd.co.nz

Ōtākaro Limited
Building places for people